PROVINCE OF SASKATCHEWAN

09-10

ANNUAL REPORT

MINISTRY OF FINANCE

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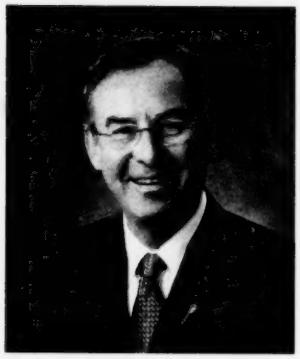
This document can also be found on-line at **www.gov.sk.ca/finance**.

Letter of Transmittal - Minister



His Honour The Honourable Dr. Gordon L. Barnhart
Lieutenant Governor of Saskatchewan

May It Please Your Honour:

I respectfully submit the Annual Report of the Saskatchewan Ministry of Finance for the fiscal year ending March 31, 2010.

The Government of Saskatchewan provided responsible management and solid leadership during a year defined by global fiscal uncertainty and economic turbulence that affected Saskatchewan as well. Early into the fiscal year, our Government clearly defined its priorities, identified efficiencies and reduced spending in order to maintain a balanced budget.

Our Government has continued on this same principled path with the delivery of the 2010-11 Budget. We will continue governing the province with a balanced, forward-looking and responsible approach. Our Government will also continue to honour our commitment to Saskatchewan people for transparent and accountable government.

Despite the challenges of the past year, the Ministry was able to make considerable progress on its objectives. The 2009-10 Annual Report shows our Ministry achieves results in a fiscally prudent and responsible manner, and that we operate with integrity. On behalf of the Ministry of Finance, I'm pleased to provide this annual report to the legislature and to the people of Saskatchewan.

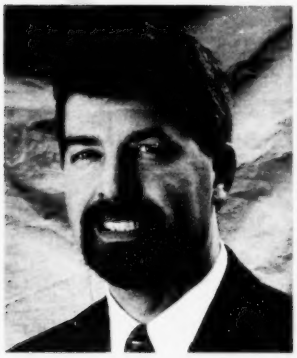
Sincerely,

Rod Gantefoer

Minister of Finance

June 28, 2010

Letter of Transmittal - Deputy Minister



The Honourable Rod Gantefoer
Minister of Finance

Dear Sir:

I have the honour of submitting the Annual Report of Saskatchewan Finance for the fiscal year ending March 31, 2010.

The Ministry of Finance is a central agency that provides financial and policy advice to government and administers various tax bases on behalf of the Province. Finance also establishes the framework for proper accounting and administrative controls across Government and is responsible for the accurate reporting of budgeted and actual results.

Finance takes its responsibility for public accountability seriously and has made every effort to ensure the information and content of the 2009-10 Annual Report is as meaningful and accurate as possible.

Respectfully submitted,

Doug Matthies

Deputy Minister of Finance

June 25, 2010

Introduction

This annual report presents the Ministry's activities and results for the fiscal year ending March 31, 2010. It reports on public commitments made and other key accomplishments of the Ministry.

With the release of the Ministry Plan for 2009-10, results are provided on the publicly committed strategies, actions and performance measures identified in the Plan. This report also demonstrates progress made on Government commitments as stated in the *Government Direction for 2009-10*, the Minister's Mandate letter, throne speeches, and other commitments.

The 2009-10 Annual Report sets the stage for the upcoming planning and budgeting process by providing an opportunity to assess the accomplishments, results, and lessons learned, and identifying how to build on past successes for the benefit of Saskatchewan people.

Alignment with Government's Direction

The Ministry's activities in 2009-10 align with Government's vision and three goals:

Our Government's Vision

A secure and prosperous Saskatchewan, leading the country in economic and population growth, while providing a high quality of life for all.

Government's Goals

Sustain Economic Growth for the benefit of Saskatchewan People, ensuring the economy is ready for growth and positioning Saskatchewan to meet the challenges of economic and population growth and development.

Secure Saskatchewan as a safe place to live and raise a family where people are confident in their future, ensuring the people of Saskatchewan benefit from the growing economy.

Keep Government's Promises and fulfill the commitments of the election, operating with integrity and transparency, accountable to the people of Saskatchewan.

Together, all ministries and agencies support the achievement of Government's three goals and work towards a secure and prosperous Saskatchewan.

The Ministry of Finance has made significant progress implementing the commitments made by the Government since it was elected in November 2007. Along with the 2009-10 Budget, all ministries including Finance released Ministry Plans for the 2009-10 fiscal year. This report provides an update on government's commitments and the ministry's strategies, actions, and performance measures from the Ministry of Finance Plan for 2009-10.

Ministry Overview

The Ministry of Finance plays a unique role in the affairs of the Province of Saskatchewan. As a central agency, Finance is responsible for advising the government on financial implications associated with its policy decisions. The Ministry, with direction from Treasury Board and Cabinet, assists in managing and controlling the finances of the province to ensure appropriate use of public funds.

The Ministry also analyzes and provides advice on tax policy matters in support of a competitive tax regime that supports the government's spending and debt strategies. It maintains a close working relationship with the federal government, other provincial governments and other government bodies within the province to effectively address financial issues of mutual concern.

The Ministry of Finance is responsible for receiving the majority of revenues for the Government of Saskatchewan. These include revenues from taxation, transfers from government entities, such as Crown Investments Corporation of Saskatchewan, and transfers from the federal government. Payments are disbursed through Finance to fund public services such as health care, education and road maintenance.

Finance also provides services directly to the public by administering provincial tax programs including the Provincial Sales Tax and undertaking communication initiatives to keep the public informed about finance-related issues.

The Ministry ensures integrity in the management and control of government's revenues, expenditures, assets and liabilities. Finance is the lead ministry in developing budgets, managing the provincial debt, designing and administering fair and effective tax regimes, and ensuring accountability to the public and the Legislative Assembly for the use of public funds.

Ministry of Finance staff are trained in fields ranging from economics and accounting to public policy, financial administration, commerce, communications and many other skilled and professional fields. Staff are primarily located in Regina, with regional offices in Saskatoon, Prince Albert, Swift Current and Yorkton.

Finance's FTE budget for 2009-10 was 445.5 compared to an actual FTE utilization of 428.2. The variance of 17.3 FTEs was generally due to fiscal restraint measures implemented during the year in response to government revenue shortfalls.

Core Business Areas

The Ministry provides the Minister of Finance, Treasury Board, Cabinet and the government with information, analysis, advice and services in eight core business areas.

1. Budget Analysis/Tax Policy

Finance supports effective government decision making by providing up-to-date information, policy analysis and advice to the Minister of Finance, Treasury Board, Cabinet and government ministries. This includes financial and policy advice on budget decisions, updates on the Province's revenue, expense and debt position, as well as information on general economic and social issues.

Finance establishes and co-ordinates the budget development process to enable Treasury Board and Cabinet to make effective resource allocation decisions. Finance also analyzes and provides advice on tax policy matters in support of a competitive tax regime that supports the government's spending and debt strategies.

The Ministry is also responsible for working with the federal government on programs such as Equalization, the Canada Health Transfer, the Canada Social Transfer, the Canada Pension Plan, fiscal arrangements concerning First Nations in Saskatchewan and other federal-provincial programs. As well, the Ministry houses the Saskatchewan Bureau of Statistics, which reports on provincial and national economic indicators.

Ministry Overview (cont'd)

2. Comptrollership/Financial Management

Finance assists the legislature and the government in controlling and accounting for the receipt and disposition of public money.

Through the Provincial Comptroller's Office, the Ministry develops and maintains the government-wide revenue and expense systems and ensures that effective financial management and accounting procedures are in place. It also prepares and publishes financial accountability reports, including the Public Accounts. Finance ensures that Ministries maintain appropriate financial and management controls and are properly accounting for their revenues and expenses.

3. Treasury and Debt Management

Finance borrows to meet the funding requirements of the government, including Crown corporations and other government agencies. It manages the provincial debt and the cash position of the General Revenue Fund. It also provides an investment management service for various funds administered by the government, Crown corporations and other agencies.

4. Revenue Operations

Finance administers several provincial government revenue and tax rebate programs. This work involves identifying and collecting tax revenues, conducting audits, issuing tax refunds and providing information related to tax and rebate programs. The programs administered by the Revenue Division include the following:

- **Tax Information Services Program**

To provide tax information and instruction to taxpayers and the general public to assist them in understanding the various tax statutes, refund and rebate programs administered by the Division.

- **Audit Program**

Audits are conducted to ensure tax is properly collected and remitted and to ensure tax is paid on consumer goods. The majority of the audits conducted deal with Provincial Sales Tax.

- **Fuel, Tobacco and Prorate Programs**

Administer the province's fuel and tobacco taxes, including programs related to the tax exemption under Section 87 of the Indian Act (Canada) and the International Fuel Tax Agreement which provides for the prorating of fuel taxes to all jurisdictions in which a carrier travels.

- **Farm Fuel Program**

Validates all farm fuel exemption permits and provides refunds to farmers and primary producers eligible for a fuel tax rebate.

- **Corporation Taxes Program**

Deals with various programs including, the Resource Surcharge, Fire Prevention Tax, Insurance Premiums Tax and Motor Vehicle Insurance Premium Tax.

5. Government Performance Planning, Measuring, and Reporting

The Ministry of Finance leads efforts to improve planning, budgeting, performance measurement and reporting practices across government. Finance works with ministries to develop and implement a "managing for results" approach within Executive Government, to provide analysis and advice to Treasury Board and to undertake analysis of assigned special projects and reviews. Finance also works to build capacity for improved management practices and greater program effectiveness across government.

6. Personnel Policy Secretariat

The Personnel Policy Secretariat (PPS) provides support and advice to the Cabinet Sub-Committee on Public Sector Bargaining, client employers and government ministries with respect to the management of collective bargaining and compensation activities. It also provides general human resource policy advice on initiatives of the provincial public sector, and facilitates the integration of public sector compensation strategies into planning and budgeting processes.

Ministry Overview (cont'd)

PPS provides advice on collective bargaining and compensation for approximately 61,000 public sector employees in Executive Government, Treasury Board Crowns, Boards and Agencies, the health sector, and the education sector (K-12, SIAST, and regional colleges).

7. Central Management and Services

Central Management and Services provides direction, guidance and support for internal operations and client agencies. This work includes executive management and the management of communications, financial services, procurement, information technology, security and facilities.

8. Pension and Benefits Administration

Finance, through the Public Employees Benefits Agency (PEBA), administers pension and benefit programs for employees of the Executive Government, most Crown corporations and government funded bodies. As part of its mandate, PEBA ensures that plans are administered in accordance with legislation and the prevailing governance system. Plan design is reviewed regularly to ensure that the needs of plan members and employers are addressed. An annual report is prepared and tabled for each pension and benefit plan under PEBA's administration. For more information, go to **www.peba.gov.sk.ca** and click on the "publications" link.

Progress in 2009-10

A. Strategies, Actions, and Results

The Ministry of Finance supports Government's goal to sustain Economic Growth for the benefit of Saskatchewan people, ensuring the economy is ready for growth and positioning Saskatchewan to meet the challenges of economic and population growth and development.

Support government's priorities through a sound financial plan.

Review provincial tax policies to ensure the tax system is fair, adequate, and competitive.

- This work is ongoing and is reported to the Minister of Finance and the Treasury Board as part of the annual budget-development cycle. An additional element of this work is the review of tax policy proposals submitted by members of the public and business.
- Legislation to implement taxation initiatives announced in the 2009-10 Budget (conversion of the Research and Development Tax Credit from a non-refundable to fully refundable tax credit, adjustments to the Dividend Tax Credit rates and revisions to Corporation Capital Tax for small financial institutions) was introduced and passed in the 2009 Spring Session of the Legislature.
- During 2009-10, Finance developed options for Treasury Board's consideration regarding the tobacco tax changes announced in the 2010-11 Budget.

Support the Province in the negotiation and approval of major intergovernmental fiscal transfers.

- This work is ongoing and is reported to the Minister of Finance and the Treasury Board throughout the year. Finance acts as the Government's principal contact with the federal Government on major intergovernmental fiscal transfers.
- In 2009-10, Saskatchewan received $1.6 billion in transfers from the federal government, including the Canada Health Transfer, the Canada Social Transfer and infrastructure funding.

Examine expenditures to ensure they align with government's priorities and that programs are economical, efficient, and effective.

- Finance operated a budget process that supported the development and ongoing support of a sound financial plan, by providing decision makers with realistic program options and the information necessary to analyze those options. Finance provided ministers with detailed, high quality analysis and recommendations to ensure that budget decisions aligned with government priorities, were well informed, and programs were economical, efficient and effective.
- Finance worked with ministries to identify a number of specific program areas that could be reviewed over the coming year for potential improved efficiency and effectiveness. These activities were made public in ministry Plans for 2010-11 released with the March 24, 2010 budget. This is an important step in furthering the culture of continuous review and assessment across the public service. Finance will monitor progress on these activities in the 2010-11 fiscal year, facilitate discussion with Treasury Board where direction may be required and ensure ministries report on results achieved in their annual reports.

Issue timely economic and fiscal forecasts, reports and analysis, as part of the annual planning, budget, and accountability processes.

- Finance issued timely economic and fiscal forecasts, reports and analysis, as well as fiscal strategies and options, to achieve the government's financial plan within fiscal legislation. Economic forecasts were provided in the Budget and Mid-Year Financial Report. Fiscal forecasts were updated and released quarterly. As well, throughout the year, Cabinet and Treasury Board were provided with analysis, strategies and options as required.

Strategies, Actions, and Results (cont'd)

- The 2009 Throne Speech committed to "Modify the budgetary process in the future to reduce the impact of wild fluctuations in natural resource revenues". To that end, the government introduced a "core budget" approach to developing the 2010-11 Budget. Deliberately conservative revenue projections were used to develop the 2010-11 Budget, with the intention that if revenue strengthens by mid-year, additional resources could be directed to replenishing the Growth and Financial Security Fund, reducing debt or increasing capital spending.

Optimize revenue to the province through fair policies and systems to ensure greater voluntary payment of and compliance with taxes owing to the province.

- Implemented a pro-active approach to promote voluntary compliance by educating general contractors on their Provincial Sales Tax responsibilities when working on major construction projects in Saskatchewan.
- Implemented career/learning plans to promote staff development and better communication between staff, supervisors and management.
- Started the implementation of a centralized audit selection process that employs risk-based analysis and weightings to select files for audit.
- Implemented a pilot project to increase compliance by businesses that are currently not registered with the Ministry of Finance.

Seek feedback on public and stakeholder priorities prior to budget development.

- Coordinated stakeholder meetings to obtain pre-budget advice with regard to tax policy and economic growth.

The Ministry of Finance supports Government's goal to Secure Saskatchewan as a safe place to live and raise a family where people are confident in their future, ensuring the people of Saskatchewan benefit from the growing economy.

Assess Saskatchewan's tax system to ensure it is competitive and attracts and retains businesses, families and individuals.

Review Saskatchewan's competitiveness respecting personal and business taxes, including working with Enterprise Saskatchewan on future tax policy endeavours in relation to the distribution of tax among taxpayers and competitiveness.

- This work is ongoing and is reported to the Minister of Finance and the Treasury Board as part of the annual budget-development cycle. An additional element of this work is the review of tax policy proposals submitted by members of the public and business.
- During 2009-10, Finance and Enterprise Saskatchewan worked towards the development of a new growth tax incentive to enhance Saskatchewan's capacity to add value from natural resources. A new targeted five-year Corporate Income Tax holiday was announced on December 3, 2009 for corporations that process minerals imported into the province to the prime metal stage.

Monitor internal and external pressures on the whole provincial tax system and analyze the effects those pressures may have on the fairness, competitiveness and sustainability of the tax system.

- This work is ongoing and is reported to the Minister of Finance and the Treasury Board as part of the annual budget-development cycle. Finance monitors other jurisdictions' taxation policies in terms of their effect on Saskatchewan's relative standing.

Strategies, Actions, and Results (cont'd)

The Ministry of Finance supports Government's goal to keep its Promises and fulfill the commitments of the election, operating with integrity and transparency, accountable to the people of Saskatchewan.

Ensure a sound financial management framework is in place across government.

Ensure government-wide financial management policies and procedures are sound; also ensure government-wide accounting policies are in accordance with Public Sector Accounting Board (PSAB) pronouncements.

- Monitored and updated policies and procedures in the Financial Administration Manual (FAM). FAM communicates to ministries and public agencies, policies, procedures and guidance necessary to support sound financial management and control of and accounting for public resources.
- Provided advice on financial management, accounting, and internal control issues. The Ministry of Finance supports ministries and provides direction and a leadership role as issues arise, and through regular processes, such as the review of draft legislation/regulations and Provincial Auditor reports.

Develop and deliver financial management fundamentals training for managers and employees to build financial management capacity in the public service.

- Delivered financial training for managers/ financial professionals regarding financial management practices, internal control and fraud awareness and prevention to support them in their roles.
- Supported Public Service Commission training for new managers and orientation for new employees.

Assess the internal controls of the Government's financial systems and assist in the development and implementation of improvements where required.

- Finance conducts internal control reviews to monitor for significant deficiencies in financial programs/systems. A significant deficiency is an internal control deficiency that adversely affects government's ability to safeguard its assets and record, process or report financial data reliably.
- Audited ministry programs and payments using a risk based approach. Ministries accepted and have implemented or are actively working on implementing all audit recommendations.

Ensure legislated spending limits of the Government are not exceeded.

- Through automated features in the government's central financial system, spending from the General Revenue Fund is controlled.

Manage government debt in an efficient and cost-effective manner.

Monitor domestic and international capital markets to identify and take advantage of opportunities to raise capital to meet government and Crown requirements.

- Monitoring of capital markets is a continuous process. Finance fulfilled the borrowing needs of Government and Crown corporations.

Implement the issue and redemption of annual Saskatchewan Savings Bonds.

- Series 18 of Saskatchewan Savings Bonds were sold during June 2009. Bond sales were $3.2 million, while annual redemptions totalled $5.7 million.

Service outstanding debt ensuring the timely and accurate payment of interest and principal.

- Debt servicing is a continuous process. During 2009-10, all outstanding debt was serviced accurately and on the correct dates.

Strategies, Actions, and Results (cont'd)

Meet reporting requirements of international regulatory agencies through timely development and filing of financial disclosure documents.

- Finance filed and has complied with all requirements of the U.S. Securities and Exchange Commission, the United Kingdom Listing Authority and the Swiss Stock Exchange.

As directed by Treasury Board, implement the transfer of budget surplus funds in accordance with *The Growth and Financial Security Act.*

- Transfers of funds are directed by Treasury Board Orders. All Orders have been appropriately acted on.

Maximize the return on investment of sinking fund and Growth and Financial Security Fund (GFSF) monies through sound investment decisions carried out pursuant to the investment policy guidelines of the two funds.

- All GFSF and sinking fund transactions and positions have been in compliance with approved investment guidelines.
- The portfolios of both funds are continually monitored to ensure that they meet the cash flow needs of the GRF.
- The 2008 Throne Speech committed to continue to maintain a significant balance in the Growth and Financial Security Fund. The 2009-10 Public Accounts reported a GFSF balance of $958 million as of March 31, 2010.
- Opportunities to maximize returns are realized to the extent possible based on market views and availability of investment products.

Provide cash management services for the General Revenue Fund (GRF), Crown corporations, and other government agencies.

- Cash management is a continuous process. It involves ongoing communication with Crown corporations to ensure that their short-term cash requirements are met. It also involves daily communication with various ministries and the Royal Bank to ensure that the Province can fund its ongoing obligations by identifying cash shortfalls and surpluses on a timely basis.

Maintain good working relationships with credit rating agencies to ensure accurate information is utilized in the analysis of the Province's credit worthiness.

- Annual post-budget briefings are undertaken with all credit rating agencies.
- All credit rating agencies have completed their annual reviews of the Province's credit rating. Two agencies provided affirmations (Moody's Investors Service and Standard & Poor's) while one agency provided an upgrade (Dominion Bond Rating Service – from AA(low) to AA with a stable trend).
- All credit rating agencies are kept up to date on the changing fiscal and economic picture of the Province.

Provide excellent service to stakeholders.

Make on-going improvements to the Saskatchewan Electronic Tax Services (SETS) and other electronic payment options to satisfy our clients' needs for fast, efficient and user-friendly electronic reporting and remitting of provincial commodity tax returns. In addition, Finance will promote the use of electronic filing options to raise public awareness and to reduce the cost of program administration.

- Included promotional correspondence with returns sent to taxpayers encouraging the use of the SETS online filing and payment system.
- Revised the online filing system hosted by financial institutions to improve ease of understanding and to reduce the potential for filing errors by closely mirroring the logical flow of data entry as is used currently on both the SETS system and paper returns.

Strategies, Actions, and Results (cont'd)

- Encouraged the use of SETS when communicating with individual taxpayers about filing errors on paper returns and when payments are not received in a timely manner.
- Ensured that any issues encountered in the use of an electronic filing and payment option are addressed quickly and that any questions are answered.
- Functionality and stakeholder input were closely monitored for consideration in future upgrades to the system.

As part of the new Taxpayer Service Commitments and Standards Code, continue to encourage open communication with various client groups to address problems, issues, and identify solutions within the tax system.

- Continuous review and update of Statutes, Bulletins, Forms, Guides, Interpretations and Rulings to help clarify tax legislation.
- Provide timely responses to taxpayer concerns and ensure that unique issues are dealt with in a fair and consistent manner.
- Consult with industry associations for the purpose of improving the efficiency and effectiveness of existing program policy and procedures.
- Developed an outreach program that proactively contacted over 200 vendors to educate them on their responsibilities regarding Liquor Consumption Tax (LCT) and allowing them to voluntarily remit tax that may have been overlooked.

Provide quality service to pension and benefit plan supervisory boards, and plan members.

- In May 2009, the Public Employees Pension Plan (PEPP) enhanced the online services for members. Within the PEPP Access web portal users can now make online investment fund changes. Within the Retire@Ease online calculator members could now save retirement calculations and have expanded options to assist in those calculations.
- In June 2009, the Municipal Employees Pension Plan (MEPP), launched the MORe online retirement planner. Members of the Plan can access the easy-to-use planning tool through the MEPP website.
- In 2009 MEPP announced two contribution rate increases. The first increase for general members to 6.4 per cent from 5.4 per cent and for designated police officer and firefighter (emergency) members to 8.75 per cent from 7.3 per cent occurred January 1, 2010. Contribution rates had remained the same since January 1, 1993. Employers and members have contributed equally since the inception of the Plan in 1973. The next increase set for January 1, 2011 will see general member contribution rates move to 7.4 per cent and emergency members to 10.2 per cent.

Demonstrate leadership for good governance, transparency, and accountability across government.

Ensure *The Growth and Financial Security Act* requirements are met by: providing decision-makers with revenue and expenditure projections on a timely basis; reviewing programs and expenditures; and, monitoring the size of the public service.

- On an ongoing basis, Finance:
  - provides decision-makers with revenue and expenditure projections on a timely basis;
  - reviews programs and expenditures; and,
  - monitors the size of the public service, including reporting in the Annual Report.

Strategies, Actions, and Results (cont'd)

In conjunction with Executive Council, build capacity in ministries to work within government's renewed accountability model; promoting performance measurement and improving public performance reporting.

- Finance continued to work with Executive Council to build further capacity across ministries to support government's renewed accountability framework and promote improved performance measurement and public reporting.
- In 2009-10, Finance worked with Executive Council, ministries, and agencies to improve Government's accountability system. This included publication of the *Government Direction for 2010-11* and ministry Plans for 2010-11, with the budget on March 24, 2009, that align with Government's vision, goals and priorities for the upcoming year. Steps were taken to enhance the government's website, with increased access to ministry plans through common "button ads", and weblinks to additional information on ministry websites. In addition, annual report guidelines were improved, environmental scan guidelines were updated, and an annual report highlights sheet was created to profile ministries' most notable achievements, in a concise and public-friendly document.
- Finance continued to identify ways to improve effectiveness and efficiency of accountability processes. This included: working with the Public Sector Planning Network to identify efficiencies in the environmental scanning process; promote training opportunities and sharing of resources on the Public Service Planning Network's SharePoint Site; and taking steps to reduce costs through improved desktopping and publishing processes and posting documents online.
- Finance will continue to work with ministries and central agencies to research and identify improved accountability and reporting practices. This information will be publicly communicated through Finance's guidelines for ministries, leading to best practices in planning, measuring, and reporting.

Provide information on Government's current financial position by issuing timely quarterly financial reports to the public.

- In 2009-10, the government released the First Quarter Financial Report on August 14, 2009, the Mid-Year Report on November 19, 2009, and the Third Quarter Financial Report on March 2, 2010.

Prepare timely, reliable, and relevant General Revenue Fund and Summary Financial Statements.

Timeliness of financial statements contributes to government's accountability. Under *The Financial Administration Act, 1993*, the Public Accounts must be tabled on or before October 31st. In 2000, the government established a policy of tabling Volume 1 of the Public Accounts on or before August 1.

- Prepared the General Revenue Fund (GRF) and Summary 2008-09 financial statements. Volume 1 was tabled on June 25, 2009, the tenth year in a row that it has been released by August 1 and the earliest release date in its history.

Reliability of the financial statements also contributes to the government's accountability. Financial statements with few (or no) audit qualifications are considered more reliable than those that have many.

- The Summary Financial Statements (SFS) continue to receive a clean audit opinion. The GRF financial statements continued to receive a qualified audit opinion for the

pension liability, which is disclosed in the notes rather than accrued on the statements and for transfers between the GRF and the Growth and Financial Security Fund, which are recorded in accordance with legislation.

- Worked toward consolidating school boards for the first time in the 2009-10 SFS without an audit qualification. Extensive training and communication was conducted with all 29 school divisions to prepare them for inclusion in the SFS.

Relevance of financial statements contributes to government's accountability. Financial statements that comply with PSAB standards are considered more relevant than those that do not.

- The GRF financial statements and the SFS are relevant. All PSAB recommendations have been implemented in the SFS. One recommendation, recording pensions on an accrual basis, remains unimplemented in the GRF. The Government's GRF financial statements continue to disclose the pension liability in the notes and expense actual cash payments to retired plan members and cash contributions to its pension plans.
- Based on recent improvements to the Financial Statement Discussion and Analysis section of Volume 1 of the Public Accounts, the Provincial Auditor indicated that it is no longer necessary for them to produce their "Understanding the Finances of Government" report.

Provide input into the activities of Canadian and international accounting standard setting bodies.

Accounting policies continue to evolve. Providing input into the activities of government accounting standard setting bodies ensures accounting policies result in relevant and reliable government financial statements.

- During the year, PSAB continued its work on a large project to revise the recommendations related to government transfers (grants). The results of this project could have a significant impact on the timing of transfer expenses and revenues for governments. Other significant projects being monitored include financial instruments, tax revenue, accounting policies for government organizations, environmental liabilities, and foreign currency.
- Closely monitored PSAB activities and international accounting standards Provided feedback to PSAB on all documents issued for comment and to the International Public Sector Accounting Standards Board (IPSASB) where deemed appropriate.

Work with ministries and the federal government to develop fair and effective federal-provincial agreements that address common interests.

- This work is intended to ensure that the financial implications of federal-provincial agreements are properly accounted for and have received appropriate approval. Reviews of these agreements are reported to the Minister of Finance throughout the year. During the 2009-10 fiscal year, 59 federal-provincial fiscal agreements were reviewed and proceeded to Cabinet for approval.

Provide analysis and advice on public sector bargaining issues and compensation strategies.

- Provided regular updates to the Cabinet Sub-Committee on Public Sector Bargaining on ongoing bargaining and supported discussion on related issues.
- Provided advice to the Sub-Committee on matters that included the pattern of wage settlements in Canada and impact of wages on future budgets.
- Met with 16 government agencies in support of ongoing or upcoming collective bargaining which has resulted in an enhanced relationship with a number of the CIC Crowns.

Strategies, Actions, and Results (cont'd)

- Promoted the Government's approach to collective bargaining among public sector employers. The government has adopted a market competitive approach to collective bargaining that enables appropriate differentiation of outcomes among the various public sector employers.
- Provided assistance to the various public sector groups in the development of their bargaining proposal packages for review by the Sub-Committee.
- Maintained and enhanced networking contacts with key information sources among employers outside of the public sector portfolio, as well as in other Canadian jurisdictions.

Explore taxation agreements that mutually benefit First Nations and the Province.

Explore taxation agreements with interested First Nations that mutually benefit First Nations and the Province.

- In 2007, an agreement was reached between the Province and a First Nations Band that replaces the LCT with a Band-imposed fee.
- The province has entered into an additional four agreements with First Nations Bands to vacate the LCT in lieu of the Band liquor consumption fee (LCF).
- The Ministry continues to explore opportunities where mutually beneficial agreements such as this can be reached.

Implement a pilot project with a small number of on-reserve stores to enable real-time reporting of tax-free fuel and tobacco sales made to status Indians.

- A pilot project involving four First Nations stores and two cash register vendors was conducted to test technology and operational feasibility of moving to real time reporting of fuel and tobacco sales to First Nations members on reserve.
- Based on the results of the pilot project, additional efforts are being considered to roll this technology out on a broader basis around the province.

Progress in 2009-10

B. Performance Measures

The Ministry of Finance monitors and reports on two broad categories of performance measures. One set is a select group of government-wide indicators relating to the general economy of Saskatchewan, while the second set is a grouping of ministry-specific measures. For the Annual Report, the performance measures have been presented along with the government goal to which they most align.

The reporting of one performance measure was removed from the 2009-10 Annual Report compared to the 2009-10 Plan. The measure of Interprovincial Comparison of Marginal Effective Tax Rates (METRs) on New Business Investment was removed due to lack of updated data from Finance Canada. The reporting of one performance measure was added to the 2009-10 Annual Report compared to the 2009-10 Plan. The measure of the Size of the Public Service as a percentage of the Population was added.

The following measures relate to the Government's goal of economic growth and the Ministry of Finance's strategies and actions to support that goal.

Government General Public Debt as a Percentage of Gross Domestic Product (Debt to GDP Ratio)

This measure is of interest internally, to the Ministry of Finance and to Government, as well as externally, to investors and credit rating agencies. A decreasing ratio indicates a declining drain on economic resources to service and repay debt and an associated increase in the fiscal flexibility of the Province.

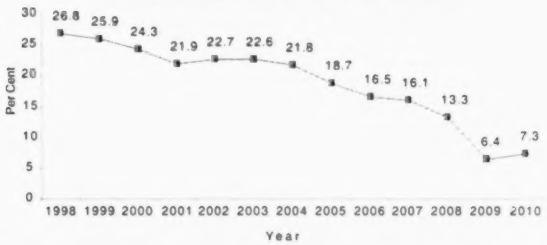
Investor confidence is influenced by this ratio because it provides a measure of the Province's debt relative to the size of the economy. One facet of the government's financial plan is to manage government debt levels.

At March 31, 2010, the government general public debt to GDP ratio was 7.3 per cent, an increase of 0.9 percentage points from March 31, 2009. The increase in the debt-to-GDP ratio was due to a decrease in nominal GDP from $64.6 billion in 2008 to $56.5 billion in 2009. Government general public debt was at $4.1 billion in both years. Even with this increase, however, the debt-to-GDP ratio is significantly below previous years (13.3 per cent in 2007-08).

This ratio is influenced by the state of the global, North American, and Canadian economies, as well as the level of government general public debt. While weak potash sales were a major contributor to Saskatchewan's economic contraction in 2009, Saskatchewan's economy was also affected by the global economic slowdown - evidenced by significant contractions in the economies of Canada, the US, the European Union, the United Kingdom and Japan - as were the economies of all the other Canadian provinces.

This ratio is calculated by dividing GDP for the previous calendar year by the level of government general public debt at March 31. Debt is gross debt net of sinking funds. Gross debt is the amount owed directly to lenders and sinking funds are funds set aside for the repayment of that debt. Government general public debt is debt borrowed to finance government programs as opposed to debt borrowed for, and repayable by, Crown corporations.

Government Debt as a % of GDP



Source: Saskatchewan Public Accounts and Saskatchewan Provincial Economic Accounts

Performance Measures (cont'd)

Government Credit Ratings

A credit rating is an independent evaluation by a recognized, objective, agency of a borrower's willingness and ability to service and repay debt. This measure is of interest to the Ministry of Finance and to Government, as well as to investors. Investors rely on credit ratings when making investment decisions. Many investors have guidelines that are based on credit ratings (e.g., must purchase bonds rated "AA" or higher). Therefore, a borrower's credit rating will impact the availability of credit, both in terms of the number of investors and the pool of funds it can tap. Typically, the higher the credit rating, the lower the risk to the investor and the less the issuer will have to pay in borrowing costs.

Saskatchewan's credit rating ranks well when compared to other Canadian provinces. All credit rating agencies now rate the province at the "AA" level. This is extremely important to international investors, many of whom have a "AA" credit rating requirement for investment.

	Rating Agency		
Jurisdiction	**Moody's**	**Standard & Poor's**	**DBRS**
British Columbia	Aaa	AAA	AA(high)
Alberta	Aaa	AAA	AAA
Saskatchewan	**Aa[1]**	**AA+**	**AA**
Manitoba	Aa[1]	AA	A(high)
Ontario	Aa[1]	AA-	AA(low)
Quebec	Aa[2]	A+	A(high)
New Brunswick	Aa[2]	AA-	A(high)
Nova Scotia	Aa[2]	A+	A*
Prince Edward Island	Aa[2]	A	A(low)
Newfoundland and Labrador	Aa[2]	A*	A
Canada	Aaa	AAA	AAA

Notes:
1 On November 14, 2006, Moody's changed its rating methodology, which resulted in upgrades for all provinces except for British Columbia and Alberta.
2 Standard & Poor's recently made the following rating changes: Saskatchewan was upgraded from AA to AA+
* Positive outlook or trend

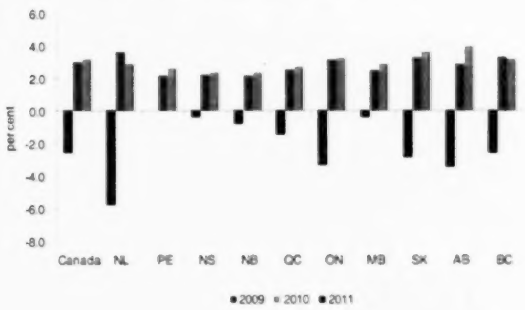
Most recently, Saskatchewan's credit rating was upgraded from AA (low) to AA by Dominion Bond Rating Service (DBRS) in October 2009. DBRS noted "significant reductions in debt achieved over the last three years, continued fiscal prudence and relatively sound economic fundamentals" as factors in the upgrade.

Private sector forecasts of real GDP growth

This measure is of interest internally, to the Ministry of Finance and to the rest of government, as well as externally. Private sector forecasts of real GDP growth show how the private sector expects the Saskatchewan economy to perform relative to other provincial economies. Percentages considered here are the average of private sector forecasts.

Private sector forecasters, on average, expect Saskatchewan real GDP to grow by 3.3 per cent in 2010* (the second highest in Canada) and 3.6 per cent in 2011 (the second highest in Canada), following a 2.8 per cent decline in 2009.

*Private sector averages are as of May 14, 2010.



Source: IHS Global Insight, Conference Board of Canada, Centre for Spatial Economics and all of the major Canadian banks.

Performance Measures (cont'd)

Total Capital Investment in Saskatchewan (public and private investment)

This measure is of interest internally, to the Ministry of Finance and to the rest of government, as well as externally. Capital spending in the province demonstrates confidence in Saskatchewan as a place to invest and helps to provide for future economic growth.

The data come from Statistics Canada's Private and Public Investment Intentions Survey, which is an annual survey that collects data on the intentions for capital investment and the expenditures for the previous two years. Total capital investment in Saskatchewan declined by roughly 2.8 per cent from $14.7 billion in 2008 to $14.3 billion in 2009. Total capital investment in Canada as a whole dropped by 11.4 per cent.

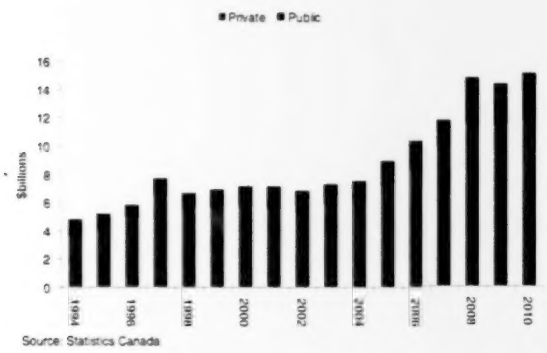
Saskatchewan's total capital investment in 2010 is expected to grow by 5.5 per cent to $15.0 billion, the third highest growth among provinces. Private investment overall is expected to increase by 2.8 per cent while public investment is expected to increase by 16.3 per cent.

In 2010, non-residential capital investment in Saskatchewan is expected to increase by 5.9 per cent while residential capital investment is expected to grow by 3.3 per cent. In dollar terms, capital investment in both mining and public administration is expected to contribute the most to growth in investment in 2010. Mining investment is expected to jump by roughly $531 million in 2010 over 2009, while investment in the public administration sector is expected to increase by over $200 million.

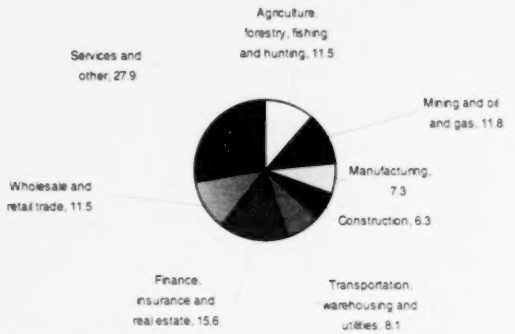
Real GDP by Industry, 2009

This measure is of interest internally, to the Ministry of Finance and to the rest of Government, as well as externally. A well-diversified economy is less susceptible to sector-specific shocks and generally in a much better position to continue on a positive growth track.

In 2009, mining and oil and gas was the largest goods-producing sector in the province, accounting for 11.8 per cent of the total economy. Services and other (27.9 per cent) made up the largest share of the Saskatchewan economy, followed by Finance, insurance and real estate at 15.6 per cent.



Source: Statistics Canada


Agriculture, forestry, fishing and hunting, 11.5
Services and other, 27.9
Mining and oil and gas, 11.8
Manufacturing, 7.3
Wholesale and retail trade, 11.5
Construction, 6.3
Finance, insurance and real estate, 15.6
Transportation, warehousing and utilities, 8.1
Source: Statistics Canada

Performance Measures (cont'd)

The following measures relate to the Government's goal of securing Saskatchewan as a safe place to live and raise a family and the Ministry of Finance's strategies and actions to support that goal.

Income and sales taxes paid by representative taxpayers

Saskatchewan's tax levels for representative taxpayers provide an indication of the amount of after-tax or disposable income available to residents. Declining tax levels are therefore suggestive of improvements in the relative prosperity of residents. In 2009, income taxes for each of the representative profiles declined as a result of indexation adjustments. A negative value indicates that refundable tax credits exceed taxes payable.

The calculations upon which the performance measurements are based, are performed by the Ministry of Finance using internal tax simulation calculations. Each of the measures is based on determination of combined provincial income and sales taxes payable by representative family profiles.

For each family profile, provincial income taxes are calculated based on the following assumptions:

- each family has two dependent children;
- for the two-income family, one spouse earns 60 per cent of the total income and the other earns 40 per cent;
- the single parent family and the two-income family claim $3,000 in deductible child care expenses;
- each family claims available basic personal exemptions, dependent child credits and credits for Canada Pension Plan and Employment Insurance contributions; and,
- for the purposes of interprovincial tax comparisons, Quebec's income tax calculations are adjusted for the child care expense tax credit and the 16.5 per cent federal tax abatement.

In addition, provincial sales taxes are calculated based upon average family expenditure baskets from the Survey of Family Expenditures in 2007 (Statistics Canada). The sales tax base in each province is identified from the enacting legislation, with total expenditures adjusted to reflect Saskatchewan consumption patterns. Provincial sales taxes are then estimated based on taxable expenditures in each province. Refundable provincial income tax credits designed to reduce the impact of sales taxes are netted from the sales tax calculations.

Saskatchewan Income and Sales Taxes Paid by Representative Taxpayers

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Single parent family earning $25,000	$862	$691	$619	$560	$515	$466	$382	$176	$20	($177)
One-income family earning $50,000	$5,446	$4,486	$4,284	$4,005	$4,007	$4,124	$4,001	$3,679	$2,207	$2,098
Two-income family earning $75,000	$7,417	$6,983	$6,721	$6,390	$6,432	$6,656	$6,516	$6,096	$4,710	$4,601

Source: Ministry of Finance, Tax Simulation Models

Performance Measures (cont'd)

Interprovincial tax comparisons for selected average family profiles

Saskatchewan's interprovincial ranking with respect to the tax levels of representative taxpayers is indicative of the competitiveness of our tax system. This measure can be significantly impacted by tax changes initiated in Saskatchewan and by tax changes occurring in other provinces. Saskatchewan's tax competitiveness relative to other provinces was maintained in 2009 for all family profiles due to the significant personal income tax cut introduced by the Government in October 2008.

The calculations upon which the performance measurements are based, use the same methodology as described in the measure examining income and sales taxes paid by representative taxpayers, and then assessed against calculations for other provinces.

Saskatchewan's Tax Competitiveness Rankings* for Representative Taxpayers										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Single parent family earning $25,000	5th	5th	4th	4th	3rd	3rd	3rd	3rd	2nd	2nd
One-income family earning $50,000	5th	4th	4th	4th	4th	4th	4th	3rd	2nd	2nd
Two-income family earning $75,000	4th	4th	4th	4th	4th	4th	4th	4th	3rd	3rd

* The ranking is from 1-10 (for the 10 provincial jurisdictions), indicating the lowest to highest provincial taxes.

Source: Ministry of Finance, Tax Simulation Models

Performance Measures (cont'd)

The following measures relate to the Government's goal of keeping promises and the Ministry of Finance's strategies and actions to support that goal.

Public Service as a percentage of the Saskatchewan population

The Growth and Financial Security Act (section 33) requires Treasury Board to monitor the size of the public service as a percentage of the population and undertake initiatives respecting the size of the public service that it deems appropriate and in keeping with Government's direction to reduce the footprint of government. Typically, controls are exercised during the development of the annual provincial budget. Treasury Board may also make allowances for emergency or unforeseen events such as additional resources to combat forest fires.

The purpose of this performance measure is to monitor the size of the public service and gauge whether it is growing or diminishing as a percentage of the Saskatchewan population. The public release of this measure supports government's commitment to increased transparency and accountability. This measure was released for the first time in the Ministry of Finance's 2008-09 Annual Report, therefore establishing 2007-08 as the "base year", against which comparisons can be drawn.

The size of the public service is expressed in full-time equivalents (FTEs) for the fiscal year as defined in *The Growth and Financial Security Regulations*. An FTE is the number of paid hours in the year divided by the number of hours a full-time employee would normally be paid. This calculation converts part-time, full-time, temporary and seasonal employees into a measure that treats all paid employees as if they are full-time for the entire year.

The public service, as defined in regulations, includes employees of Executive Government employed under *The Public Service Act, 1998*, and therefore does not include ministerial assistants and those employed under personal service contracts nor does it include employees of the Legislative Branch of government, the judiciary or employees of Crown corporations or agencies such as SaskPower.

Calculation of the measure: annual public service FTEs are determined and then divided by the population of Saskatchewan at July 1 of the fiscal year. 2007-08 is considered the base year from which changes in the "footprint" of Government will be measured. Year over year changes are also displayed.

	2007-08 (Base Year)	2008-09	2009-10	Change From Base (%)	Change From 2008-09 (%)
Population at July 1[1]	1,000,139	1,013,620	1,030,129	3.00%	1.63%
Public Service FTEs [2]	12,405	12,284	12,400	(0.04)%	0.94%
Public Service as percentage of population	1.24%	1.21%	1.20%	(2.95)%[3]	(0.67)%[3]

[1] Population numbers are from Statistics Canada, as of July 1 of the fiscal year. This data is available on the Provincial Government Statistics Bureau website www.stats.gov.sk.ca/

[2] FTE stands for full-time equivalent and is defined in regulations of *The Growth and Financial Security Act*.

[3] This number will not calculate precisely from the table information due to rounding.

Performance Measures (cont'd)

2009-10 over base year (2007-08):

The chart above shows that the population of Saskatchewan from July 1, 2007 to July 1, 2009 grew by 3 per cent, while public service FTEs remained virtually unchanged. As a result, public service FTEs as a percentage of the population of Saskatchewan decreased from 1.24 per cent to 1.20 per cent. This is almost a 3 per cent reduction in the relative size of the public service.

2009-10 over 2008-09:

For 2009-10, the public service increased by almost 1 per cent over 2008-09. However, the population increased by 1.6 per cent, resulting in two thirds of 1 per cent reduction in the relative size of the public service.

During the 2010 -11 Budget, the Government announced a commitment to reduce the size of the public service by 15 per cent over the next four years, primarily through attrition. Over the same time period the population is expected to grow.

2009-10 Workforce Utilization of Executive Government

Ministries	Estimated FTEs [1]	Actual FTEs	Variance [2]
Advanced Education, Employment and Labour	612.2	593.7	(18.5)
Agriculture	500.6	507.5	6.9
Corrections, Public Safety and Policing	2,017.3	2,116.4	99.1
Education	344.7	320.1	(24.6)
Energy and Resources	273.4	262.1	(11.3)
Environment	1,040.3	981.6	(58.7)
Executive Council	77.0	69.2	(7.8)
Finance	445.5	428.2	(17.3)
First Nations and Métis Relations	73.0	66.4	(6.6)
Government Services	797.7	772.1	(25.6)
Health	668.1	635.8	(32.3)
Highways and Infrastructure	1,672.4	1,574.1	(98.3)
Information Technology Office	311.0	307.5	(3.5)
Intergovernmental Affairs	26.2	20.1	(6.1)
Justice and Attorney General	891.1	966.0	74.9
Municipal Affairs	142.5	133.9	(8.6)
Office of the Provincial Secretary	28.8	30.3	1.5
Public Service Commission	364.0	376.8	12.8
Social Services	1,967.1	1,976.6	9.5
Tourism, Parks, Culture and Sport	424.3	423.2	(1.1)
Ministry FTEs	**12,677.2**	**12,561.6**	**(115.6)**
Personal Service Contract Employees [3]		(53.6)	
Ministerial Assistants [4]		(108.0)	
Public Service FTEs		12,400.0	

[1] Full-time equivalents (FTEs) are defined in the regulations of *The Growth and Financial Security Act*. The values presented in this column are consistent with the FTEs included in the 2009-10 Budget Estimates.

[2] Ministry annual reports provide explanation on the variance of individual ministry FTE utilization.

[3] Personal service contract employees are not employed under *The Public Service Act, 1998*.

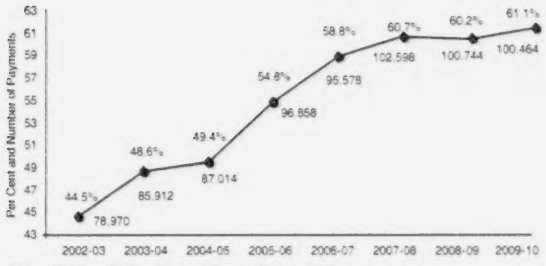
[4] Ministerial assistants are employed under a ministerial service agreement to provide services to ministers and the Premier of Executive Council. They are not employed under *The Public Service Act, 1998*.

Performance Measures (cont'd)

Percentage of tax payments processed electronically

The Ministry strives to provide excellent client service by ensuring that businesses have access to all electronic options for making tax payments. The percentage of tax payments processed electronically is a measure of performance of how well the Ministry is meeting its objective of streamlining regulatory compliance. Businesses that use electronic methods to make payments are able to save time and money on regulatory compliance and channel their resources to other business activities. In addition, the Ministry realizes a reduction in the cost of processing payments when the tax return and payment are received electronically. The measure is determined from statistical reports generated from the main revenue system.

The Ministry continuously works with financial institutions to ensure that businesses are able to make tax payments through any of the financial institutions' electronic payment services that provide sufficient payee information. The percentage of tax payments processed electronically has grown significantly over the last five years and efforts to promote the use of electronic services will continue. However, the Ministry has limited influence over this measure as many businesses have internal controls that only permit issuance of cheques and some businesses simply prefer to issue a cheque. The decrease noted in the total volume of payments processed in 2009-10 is a direct reflection of the elimination of the Corporation Capital Tax on general corporations.

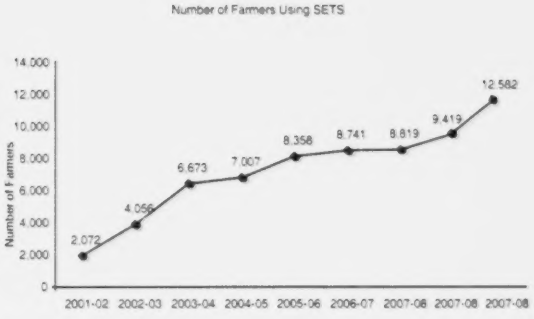


Source: Ministry of Finance, Revenue Division, Statistical Reports

Number of farmers that applied for fuel tax permit renewals on-line

The Ministry strives to provide excellent client service by ensuring that all businesses have the ability to file tax returns and program applications on-line. Saskatchewan Electronic Tax Services (SETS) was enhanced in February 2002 to offer farmers, commercial fishers, loggers, and trappers a secure, fast, and convenient alternative to filing their Fuel Tax exemption permit renewal in paper format. The number of farmers that filed permit renewals on-line tracks the Ministry's progress towards easing tax compliance and reducing the regulatory burden.

The number of permit renewals filed using SETS has increased over 500 per cent in the last eight years. The promotion of SETS has contributed to the significant increase in the number of applicants using SETS in 2009-10. The Ministry continues to promote SETS as it is more convenient for program applicants and it reduces the cost of program administration. However, the Ministry has limited influence over this measure as many applicants do not have access to a computer with an Internet connection or simply prefer to mail in a completed application.



Source: Ministry of Finance, SETS

Performance Measures (cont'd)

Provincial Auditor's assessment of government's accountability systems

This measure tracks the Provincial Auditor's assessment of Government's overall accountability system and the quality of ministry plans and annual reports. The Auditor's independent assessment helps the Ministry gauge its progress towards the following strategy: demonstrate leadership for good governance, transparency, and accountability across government.

Provincial Auditor's Report	Satisfaction with processes and/or guidelines	Assessment of Ministry plans and reports
2009 , Vol. 3, Ch. 19	Improving	N/A
2008, Vol. 3, Ch. 20	Partial	N/A
2007, Vol. 3, Ch. 9	Partial	N/A *
2006, Vol. 3, Ch. 14	Yes **	Positive
2005, Vol. 3, Ch. 9 & 11	Yes	Positive
2004, Vol. 3, Ch. 15	Yes	Positive
2003, Vol. 3, Ch. 13	Yes	Positive

Source: Provincial Auditor's Reports, available on-line at www.auditor.sk.ca

* The Provincial Auditor's (PA) approach to assess government's accountability system differed over the years; from 2003-06, the PA assessed Finance's processes, guidelines and a small sample of ministry plans; from 2007 on, the PA's focus shifted to solely examine government's accountability system and processes.

** Corrected typographical error from the Plan for 2009-10 where this was denoted as "partially" satisfied; the Provincial Auditor provided an assessment in 2004-05 that was similar to that provided in 2005-06.

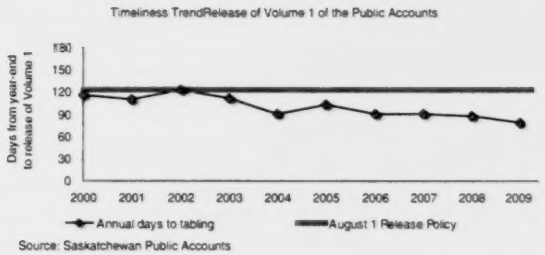
In the *2009 Report, Volume 3*, the Provincial Auditor indicated ministry plans and annual reports, which use the Ministry of Finance's guidelines, are improving. Previously, while plans and reports were improving, the Auditor was only partially satisfied with government's processes and guidelines because the original schedule to implement the Canadian Comprehensive Auditing Foundation (CCAF) principles for public reporting was not followed as originally anticipated.

Elements suggested by the CCAF, such as the publication of targets for performance measures, the description of a ministry's capacity to meet outcomes, and the publication of risks facing the ministry, were not required across the system. These are challenges commonly found in other jurisdictions as governments strive to improve their techniques for reporting on the performance of public sector activities.

This performance measure is not solely within the control of the Ministry. Steps are being taken across government to improve the quality and accessibility of documents so as to increase transparency and accountability to the public.

Timeliness of the Release of Public Accounts, Volume 1

Continued strong financial reporting is essential to strong accountability. The Public Accounts are key financial accountability documents that are publicly released on an annual basis. The Public Accounts are prepared and tabled, in accordance with *The Financial Administration Act, 1993* (FAA). The Ministry prepares and publishes the Public Accounts, pulling together information from ministries and other government organizations.



Source: Saskatchewan Public Accounts

The FAA requires the Public Accounts to be tabled on or before October 31. However, a policy has been in place since 2000 for tabling Volume 1 of the Public Accounts, on or before August 1. For the last several years, the Government has been in a position to table Volume 1 in late June or early July.

The timely reporting of Volume 1, which contains the General Revenue Fund Financial Statements and the Summary Financial Statements, demonstrates Finance's leadership for good governance, transparency, and accountability across government.

Performance Measures (cont'd)

Percentage of Entities Meeting Tabling Deadline

Continued strong financial reporting is essential to strong accountability. The financial statements of government entities are prepared pursuant to their enabling legislation. Pursuant to *The Tabling of Documents Act, 1991*, entities are required to table their financial statements within 120 days of their year-end.

The Ministry, on behalf of Treasury Board, provides approval of the form and content of the financial statements in advance of the tabling. Finance also communicates tabling deadlines and monitors compliance with these deadlines. Finance's role contributes to timely, reliable, and relevant financial reporting by Treasury Board Crowns and agencies and demonstrates Finance's leadership for good governance, transparency, and accountability across government.

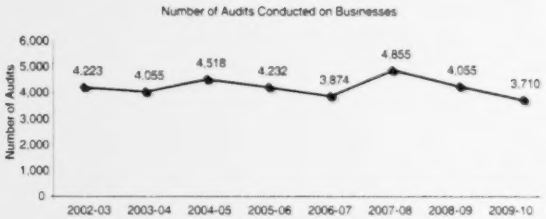
Year	Percentage of Entities Meeting Tabling Deadline
2009-10	86%
2008-09	77%
2007-08	76%
2006-07	84%
2005-06	84%
2004-05	81%

Source: Legislative Assembly of Saskatchewan website

Number of audits conducted on businesses liable for taxes under the statutes administered by Finance

Finance administers several provincial government revenue and tax rebate programs. This work involves identifying and collecting tax revenues, conducting audits, issuing tax refunds, and providing information related to tax and rebate programs. The number of audits performed in 2009-10 was down from the previous year due to resource constraints and competing priorities. The large number of audits conducted in 2007-08 was due to an increased number of small audits associated with refund claims processed under the used vehicle exemption that was announced in November 2007.

In 2010-11 Finance will focus its efforts on overall tax compliance including audit, education and outreach with a continued emphasis on higher risk, complex audits. A reasonable target for the number of audits that will be conducted in 2010-11 is 3,900. Audits are selected based on level of risk to protect and preserve revenue base, maintain a level playing field for businesses operating in the province, and promote voluntary compliance.



Source: Ministry of Finance, Revenue Division, Time Control Tracking System

Client Satisfaction (of businesses which collect taxes on behalf of government)

In 2002-03, the Ministry committed to conducting bi-annual client satisfaction surveys of businesses collecting taxes on behalf of government. This measures whether these clients are satisfied with the Ministry's quality of service and timeliness of responses, refunds, and adjustments. This allows businesses to evaluate the Ministry's performance and helps the Ministry determine how its timeliness of responses, refunds, and adjustments may be improved.

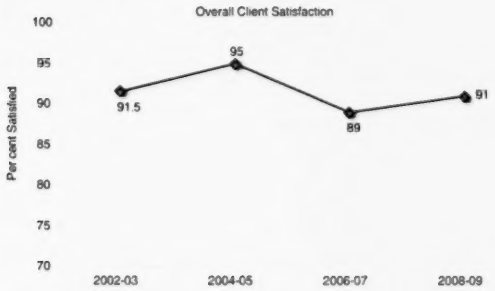
In 2008, surveys were sent to 555 businesses based on a random sample of businesses that collect Provincial Sales Tax, Fuel Tax, Tobacco Tax and Corporation Capital Tax. The response rate for the surveys was 33 per cent.

Performance Measures (cont'd)

Combining all tax types, every survey question for 2008 has a higher satisfactory response rate than in 2006. The highest satisfaction rating related to "helpfulness of staff," where 94 per cent of respondents were satisfied or very satisfied. The overall satisfaction rating for all questions and all tax types was 91 per cent, up from 89 per cent in 2006.

In 2009-10, the Ministry published The *Taxpayer Service Commitments and Standards Code* that described the fairness and service principles that the Ministry follows in administering Saskatchewan's taxes and related programs. The purpose of the code is to encourage more open communication with clients to identify problems early, find solutions faster and to prevent problems before they occur.

The bi-annual client satisfaction survey will be conducted again in 2010-11 as a means of measuring client satisfaction.



Source: Ministry of Finance

2009-10 Financial Overview

Expense

In 2009-10 the Ministry had expenses of $326.6 million, down $2.8 million from the Budget Estimate of $329.4 million. Excluding pensions and benefits, the Ministry spent $61.4 million, down $3.6 million from the Budget Estimate of $65.0 million and primarily due to reduced accommodations and communications expenses and savings from vacancies.

Spending for pensions and benefits was $265.2 million, up $0.8 million from the Budget Estimate of $264.4 million. This was primarily related to increases for Employees' Benefits, Public Employees' Pension Plan, Canada Pension Plan, Employment Insurance, and Workers' Compensation premiums due to salaries across government being higher than anticipated, partially offset by a reduction in the Public Service Superannuation Plan due to fewer employees retiring than forecast.

The following table outlines information on budgeted and actual expense by subvote and subprogram. Variance explanations are provided for all changes greater than $100,000.

2009-10 Financial Overview (cont'd)

Program	2008-09 Actual	2009-10 Budget	2009-10 Actual	2009-10 Variance
	(in thousands of dollars)			
Central Management and Services[1]	6,074	7,469	6,224	(1,245)
Treasury and Debt Management[2]	2,564	2,909	2,607	(302)
Provincial Comptroller[3]	8,252	9,369	8,441	(928)
Budget Analysis[4]	4,546	5,311	4,884	(427)
Revenue[5]	18,029	20,048	19,651	(397)
Revenue Division	13,645	15,065	14,757	(308)
Allowance for Doubtful Accounts	2,100	2,300	2,300	0
Canada Revenue Agency Income Tax Administration	984	1,383	1,294	(89)
Driver Licence and Registration Administration	1,300	1,300	1,300	0
Personnel Policy Secretariat[6]	262	774	580	(194)
Research and Development Tax Credit	0	18,000	18,000	0
Miscellaneous Payments	79	135	64	(71)
Bonding of Public Officials	60	60	64	4
Unforeseen and Unprovided For	19	50	0	(50)
Implementation of Guarantees (Statutory)	0	25	0	(25)
Public Service Pensions and Benefits	250,034	264,411	265,164	753
Public Service Superannuation Plan (Statutory)[7]	111,850	119,319	117,266	(2,053)
Members of the Legislative Assembly (Statutory)[8]	2,517	3,107	3,309	202
Judges' Superannuation Plan (Statutory)[9]	2,799	3,252	3,549	297
Public Employees' Pension Plan[10]	51,116	55,208	56,474	1,266
Canada Pension Plan - Employer's Contribution[11]	26,154	27,867	28,024	157
Employment Insurance - Employer's Contribution[12]	11,596	12,144	12,383	239
Workers' Compensation - Employer's Assessment[13]	8,777	9,394	9,220	(174)
Employees' Benefits - Employer's Contribution[14]	33,518	33,047	33,876	829
Services to Public Service Superannuation Plan Members[15]	1,254	1,322	1,210	(112)
Public Employees' Benefits Agency Revolving Fund - Subsidy				
- Net Expense (Recovery) (Statutory)	453	(249)	(147)	102
Amortization of Capital Assets	992	966	943	(23)
Office and Information Technology	919	889	869	(20)
Land, Building and Improvements	73	77	74	(3)
Total Expense	**$290,832**	**$329,392**	**$326,558**	**$(2,834)**
Capital Asset Acquisitions[16]	423	280	38	(242)
Capital Asset Amortization	(992)	(966)	(943)	23
Total Appropriation	**$290,263**	**$328,706**	**$325,653**	**$(3,053)**

Notes:

[1] Central Management and Services

Savings of $1.245 million are primarily related to a reduction in communications, accommodations and IT expenses.

[2] Treasury and Debt Management

Savings of $302,000 are mainly related to lower-than-anticipated bank charges and system development costs.

2009-10 Financial Overview (cont'd)

[3] **Provincial Comptroller**

Savings of $928,000 are primarily related to salary savings, travel restraint, reduced consulting expense due to a delay in a MIDAS update, and reduced professional contract services in the financial management area.

[4] **Budget Analysis**

Savings of $427,000 are mainly due to vacancies.

[5] **Revenue Division**

Savings of $308,000 are primarily a result of vacancies, lower-than-anticipated vacation leave liability, and reduced service bureau costs due to IT projects not able to proceed as quickly as anticipated.

[6] **Personnel Policy Secretariat**

Savings of $194,000 are mainly due to reduced consulting expenses and travel restraint.

[7] **Public Service Superannuation Plan (Statutory)**

Savings of $2.053 million are due to fewer employees retiring than forecast by actuary.

[8] **Members of the Legislative Assembly – Pensions and Benefits (Statutory)**

An increase of $202,000 is a result of a higher-than-anticipated rate of return in the plan.

[9] **Judges' Superannuation Plan (Statutory)**

An increase of $297,000 is due to a higher-than-expected number of pensioners and an unexpected retroactive payment.

[10] **Public Employees' Pension Plan**

An increase of $1.266 million is mainly due to higher-than-expected salaries across government.

[11] **Canada Pension Plan – Employer's Contribution**

Increased premiums due to higher-than-expected salaries across government resulted in an increase of $157,000.

[12] **Employment Insurance – Employer's Contribution**

Increased premiums due to higher-than-expected salaries across government resulted in an increase of $239,000.

[13] **Workers' Compensation – Employer's Assessment**

Savings of $174,000 due to a rate decrease effective January 1, 2010, partially offset by higher-than-expected salaries across government.

[14] **Employees' Benefits – Employer's Contribution**

An increase of $829,000 is mainly due to higher-than-expected salaries across government.

[15] **Services to Public Service Superannuation Plan Members**

Savings of $112,000 are a result of vacancies.

[16] **Capital Asset Acquisitions**

Capital asset acquisitions were $242,000 lower than budgeted mainly due to delays in the building renewal project and the estimates production system.

2009-10 Financial Overview (cont'd)

Revenue

The Ministry of Finance collects revenue relating to taxation, non-renewable resources via the Resource Surcharge, transfers from other government entities, interest, premium, discount and exchange, motor licence fees, transfers from the federal government, and other smaller revenue sources. All revenue collected is deposited into the General Revenue Fund (GRF). In 2009-10, the Ministry accounted for 78 per cent of total GRF revenue.

Actual revenue at the Ministry of Finance was $784.1 million (10.9 per cent) higher than budget. The increase from budget is due to an $808.6 million increase in own-source revenue, partially offset by a $24.5 million decrease in federal transfers. The increase in own-source revenue is made up of higher-than-budgeted transfers from Crown entities ($449.2 million), tax revenue ($273.0 million), other-own source revenue ($72.6 million) and the Resource Surcharge ($13.8 million).

The following section shows estimated and actual revenue, describes the Ministry's revenue sources and includes variance explanations for changes greater than $5 million.

Source	2009-10 Budget	2009-10 Actual	2009-10 Variance
	(in thousands of dollars)		
Corporation Income Tax	624,900	881,424	256,524
Fuel Tax	438,000	441,533	3,533
Individual Income Tax	1,802,600	1,890,848	88,248
Provincial Sales Tax	1,155,600	1,084,001	(71,599)
Tobacco Tax	190,500	196,868	6,368
Other Taxes	239,300	229,229	(10,071)
Taxes	**4,450,900**	**4,723,903**	**273,003**
Resource Surcharge	461,800	475,632	13,832
Non-Renewable Resources	**461,800**	**475,632**	**13,832**
Crown Investments Corporation of Saskatchewan	185,000	185,000	0
- Special Dividend	110,000	570,000	460,000
Saskatchewan Liquor and Gaming Authority	440,700	429,924	(10,776)
Other Enterprises and Funds	24,991	24,932	(59)
Transfers from Crown Entities	**760,691**	**1,209,856**	**449,165**
Interest, Premium, Discount and Exchange	175,690	236,019	60,329
Motor Vehicle Fees	149,400	158,303	8,903
Other Licences and Permits	95	79	(16)
Sales, Services and Service Fees	0	19	19
Other	3,734	7,072	3,338
Other Revenue	**328,919**	**401,492**	**72,573**
Canada Health Transfer	843,500	819,262	(24,238)
Canada Social Transfer	335,000	334,976	(24)
Other	10,176	9,928	(248)
Transfers from the Federal Government	**1,188,676**	**1,164,166**	**(24,510)**
Total Ministry of Finance Revenue	**7,190,986**	**7,975,049**	**784,063**

2009-10 Financial Overview (cont'd)

Corporation Income Tax

Corporate Income Tax (CIT) is administered on the Province's behalf by the federal government using a common national determination of corporate taxable income. For a particular taxation year, the federal government makes instalment payments to the Province on the basis of estimates, which are reconciled to actual assessments once tax returns for that taxation year have been filed. These reconciliations are accounted for approximately 15 months after the end of a taxation year (i.e. the adjustment payment for the 2008 taxation year was received by the GRF in the fourth quarter of 2009-10).

CIT revenue increased $256.5 million, or 41.1 per cent, from the Budget Estimate primarily due to an amendment to the Canada-Saskatchewan Tax Collection Agreement in 2009, which resulted in an additional $113 million as a one time acceleration of 2010 instalment payments from the federal government. In addition, stronger-than-anticipated assessments for the 2008 taxation year led to a higher-than-budgeted prior-year reconciliation payment. These increases were partially offset by a downward revision of the national corporate taxable income base that resulted in a decrease to the provincial base, upon which 2009-10 instalment payments were made to the Province.

Fuel Tax

Fuel Tax is levied on purchases of all types of fuel under the authority of *The Fuel Tax Act, 2000*. The tax ranges from a fixed rate of 1.5 cents per litre on aviation fuel to 15 cents per litre on gasoline and diesel. Saskatchewan provides an 80 per cent exemption for farm-use diesel fuel and unleaded gasoline purchased at bulk-fuel dealers, as well as for the use of diesel fuel by primary producers in their off-road activities. First Nations retailers are also eligible to receive a refund of the Fuel Tax on eligible on-reserve purchases by First Nations individuals, as are commercial aircraft carriers that purchase fuel for international flights.

Individual Income Tax

Saskatchewan's Individual Income Tax is administered on the Province's behalf by the federal government using a common national determination of taxable income. For a particular taxation year, the federal government makes instalment payments to the Province on the basis of estimates, which are reconciled to actual assessments once tax returns for that taxation year have been filed. These reconciliations are accounted for approximately 15 months after the end of a taxation year (i.e. the adjustment payment for the 2008 taxation year was received by the GRF in the fourth quarter of 2009-10)

Individual Income Tax revenue increased $88.2 million, or 4.9 per cent, from the Budget Estimate largely due to stronger-than-anticipated final assessment data for the 2008 taxation year and lower-than-expected costs of the Low-Income Tax Credit.

Provincial Sales Tax

The Provincial Sales Tax (PST) rate is a five per cent sales tax applied to the purchase, importation, or rental of certain goods and services.

PST revenue decreased $71.6 million, or 6.2 per cent, from the Budget Estimate due to lower-than-forecast economic growth in Saskatchewan in 2009-10 and the resulting impact on the sales tax base.

2009-10 Financial Overview (cont'd)

Tobacco Tax

The Tobacco Tax is levied on retail purchases of all types of tobacco under the authority of *The Tobacco Tax Act, 1998*. A major component of Saskatchewan's Tobacco Tax is the refund available to First Nations retailers on eligible on-reserve tobacco sales to First Nations individuals.

On March 25, 2010, the tax rate per cigarette or gram of tobacco increased by 2.7 cents to 21 cents as part of Government's tobacco control strategy.

Tobacco Tax revenue increased $6.4 million, or 3.3 per cent, from the Budget Estimate primarily due to an increase in consumption that may be attributed to an increase in population, partially offset by an increase in First Nations rebates.

Other Taxes

Other Taxes revenue collected by the Ministry of Finance includes the general portion of the Corporation Capital Tax (CCT), Liquor Consumption Tax, Insurance Premiums Tax, Motor Vehicle Insurance Tax, Fire Prevention Tax, Pari-Mutuel Tax, and Succession Duties.

The CCT is a tax levied on Crown corporations and financial institutions on the amount of paid-up capital in excess of $10 million. An additional exemption of up to $10 million is available to corporations depending on the proportion of total wages and salaries that are paid in Saskatchewan.

The Liquor Consumption Tax (LCT) is a 10 per cent tax on the total selling price of beer, wine and spirits.

The various insurance taxes collected by the Ministry are generally a levy on premiums, ranging from one to four per cent.

Other tax revenue decreased $10.1 million, or 4.2 per cent, from the Budget Estimate. The decrease is primarily due to lower-than-budgeted CCT revenue as the result of unexpected refunds to general corporations related to overpayments received in 2008-09.

Resource Surcharge

The Resource Surcharge, levied under *The Corporation Capital Tax Act*, is charged against the value of resource sales of large resource corporations.

Resource Surcharge revenue increased $13.8 million, or 3.0 per cent, from the Budget Estimate. The increase is primarily due to higher-than-budgeted payments from the oil and gas sector, consistent with recovering prices, partially offset by lower-than-budgeted potash revenue as the result of lower sales volumes.

Crown Investments Corporation of Saskatchewan

The dividend from the Crown Investments Corporation (CIC) of Saskatchewan is based on CIC projected net earnings. Any special dividend paid by CIC to the GRF is generally related to a one-time event, such as the sale of an asset.

In 2009-10, the budgeted CIC special dividend was increased from the Budget Estimate of $110.0 million to $570.0 million and was funded from the proceeds of the Saskferco sale.

2009-10 Financial Overview (cont'd)

Saskatchewan Liquor and Gaming Authority

The Saskatchewan Liquor and Gaming Authority (SLGA) dividend to the GRF is based on the net income of the Authority. The SLGA is responsible for the distribution, operation and regulation of liquor and gaming activity in the province, including responsibility for the Saskatchewan Indian and Gaming Authority (SIGA). Dividends from SLGA consist of retail liquor net income, gaming (VLT) net income and SIGA net income.

The SLGA transfer to the GRF decreased $10.8 million, or 2.4 per cent, from the Budget Estimate. The decrease is primarily due to lower-than-expected VLT and SIGA casino activity, partially offset by an increase in retail liquor net income as the result of higher-than-budgeted liquor sales.

Other Enterprises and Funds

Other Enterprises and Funds include dividends paid to the GRF by other government enterprises and special funds. This includes Saskatchewan Gaming Corporation (SGC) net income and one-time dividends from other government entities.

Interest, Premium, Discount and Exchange

Revenue from this source includes interest received on bank deposits, sinking fund earnings, interest on advances, investments and accounts receivable and certain amounts recovered from Crown corporations.

Interest, premium, discount and exchange increased $60.3 million, or 34.3 per cent, from the Budget Estimate. The increase is primarily due to gains on the sale of investments and gains on redemptions of sinking fund assets triggered by debt maturities.

Motor Vehicle Fees

Revenue from this source includes motor vehicle licences, fees and registrations, and is collected by Saskatchewan Government Insurance (SGI) on behalf of the Province. It does not include any insurance portion of vehicle plating costs.

Motor vehicle fees increased $8.9 million, or 6.0 per cent, from the Budget Estimate. The increase is primarily due to higher-than-budgeted vehicle registrations as the result of population growth.

Other Licences and Permits

Other Licences and Permits revenue consists of annual licence and decal fees collected from inter-jurisdictional truckers under the International Fuel Tax Agreement (IFTA).

Sales, Services and Service Fees

Sales, Services and Service Fees revenue at the Ministry of Finance consists of debt guarantee fees.

Other Other Revenue

Other Other revenue consists of all other recurring operational revenue not otherwise classified, including refunds of prior-years' expenditures, recovery of loans, and contributions by employees and others to retirement and insurance plans.

2009-10 Financial Overview (cont'd)

Canada Health Transfer

The Canada Health Transfer (CHT) assists provinces and territories in maintaining the national criteria and conditions in the *Canada Health Act*. Funding for the CHT is made up of cash payments from the federal government and tax transfers to the provinces and territories.

Saskatchewan received $819.3 million in CHT payments from the federal government, $24.2 million below the Budget Estimate. The decrease in CHT is the result of an adjustment to the value of the 2008-09 CHT. The relative strength of federal forecasts of Saskatchewan's 2008 and 2009 income tax bases was greater than forecast at budget, resulting in a lower CHT entitlement.

Canada Social Transfer

The Canada Social Transfer (CST) assists provinces and territories in providing post-secondary education, social assistance and social services, including early childhood development and early learning and child care. Funding for the CST is made up of equal per-capita cash payments from the federal government to the provinces and territories.

Other Transfers from the Federal Government

Other federal transfer revenue consists of a legislated subsidy from the Government of Canada, as well as various federal-provincial cost-sharing agreements, including federal funding for targeted initiatives that are funded via third-party trusts and one-time payments.

Revolving Funds

The Ministry is responsible for the Public Employees Benefits Agency Revolving Fund that accounts for the administration costs of the various pension plans and benefit programs administered by PEBA. The costs incurred by the Fund for providing services are allocated to, and reimbursed primarily by, various pension and benefit plans. For more information about this Fund please visit the following website: **http://www.peba.gov.sk.ca/Agency/peba_ann_reports.html**

For More Information

If you have any questions or comments, please call 1-866-862-6246.

For additional copies of this Annual Report, call 787-6623.

Information on all Saskatchewan Finance programs and services can be accessed at **www.finance.gov.sk.ca**.

Appendix A: Senior Management Committee (as at March 31, 2010)

Doug Matthies, Deputy Minister

Margaret Johannsson, Assistant Deputy Minister
Revenue Division

Karen Layng, Assistant Deputy Minister
Treasury Board Branch

Terry Paton, Provincial Comptroller
Provincial Comptroller's Office

Brian Smith, Assistant Deputy Minister
Public Employees Benefits Agency

Joanne Brockman, A/Assistant Deputy Minister
Taxation and Intergovernmental Affairs Branch and
Economic and Fiscal Policy Branch

Randy Burton, Executive Director
Communications Branch

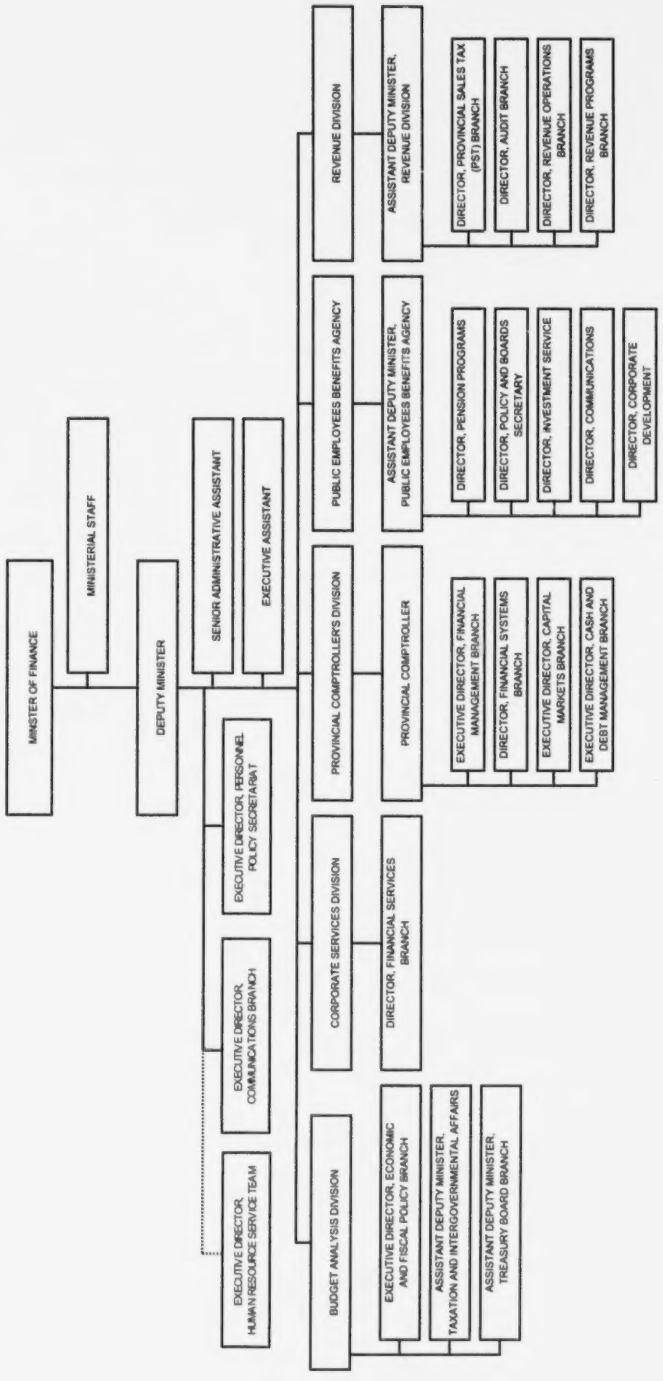
Tor Veltheim, Executive Director
Personnel Policy Secretariat

Louise Usick, Director
Financial Services Branch

Alan Hogg, Executive Assistant to the Deputy Minister

Dana Fauth, Senior Administrative Assistant

Appendix B: Organizational Chart (as at March 31, 2010)


APRIL 01 / 2010
MINISTER OF FINANCE
MINISTERIAL STAFF
DEPUTY MINISTER
SENIOR ADMINISTRATIVE ASSISTANT
EXECUTIVE ASSISTANT
EXECUTIVE DIRECTOR, HUMAN RESOURCE SERVICE TEAM
EXECUTIVE DIRECTOR, COMMUNICATIONS BRANCH
EXECUTIVE DIRECTOR, PERSONNEL POLICY SECRETARIAT
BUDGET ANALYSIS DIVISION
CORPORATE SERVICES DIVISION
PROVINCIAL COMPTROLLER'S DIVISION
PUBLIC EMPLOYEES BENEFITS AGENCY
REVENUE DIVISION
EXECUTIVE DIRECTOR, ECONOMIC AND FISCAL POLICY BRANCH
ASSISTANT DEPUTY MINISTER, TAXATION AND INTERGOVERNMENTAL AFFAIRS
ASSISTANT DEPUTY MINISTER, TREASURY BOARD BRANCH
DIRECTOR, FINANCIAL SERVICES BRANCH
PROVINCIAL COMPTROLLER
EXECUTIVE DIRECTOR, FINANCIAL MANAGEMENT BRANCH
DIRECTOR, FINANCIAL SYSTEMS BRANCH
EXECUTIVE DIRECTOR, CAPITAL MARKETS BRANCH
EXECUTIVE DIRECTOR, CASH AND DEBT MANAGEMENT BRANCH
ASSISTANT DEPUTY MINISTER, PUBLIC EMPLOYEES BENEFITS AGENCY
DIRECTOR, PENSION PROGRAMS
DIRECTOR, POLICY AND BOARDS SECRETARY
DIRECTOR, INVESTMENT SERVICE
DIRECTOR, COMMUNICATIONS
DIRECTOR, CORPORATE DEVELOPMENT
ASSISTANT DEPUTY MINISTER, REVENUE DIVISION
DIRECTOR, PROVINCIAL SALES TAX (PST) BRANCH
DIRECTOR, AUDIT BRANCH
DIRECTOR, REVENUE OPERATIONS BRANCH
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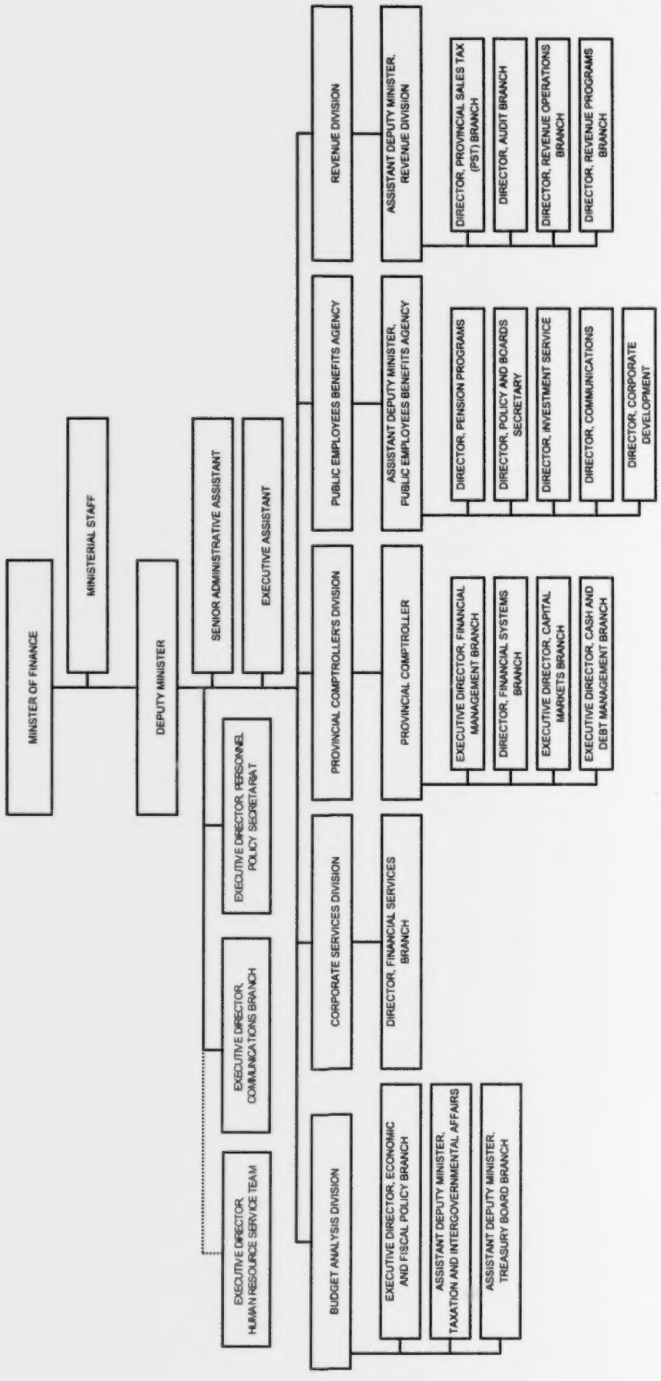
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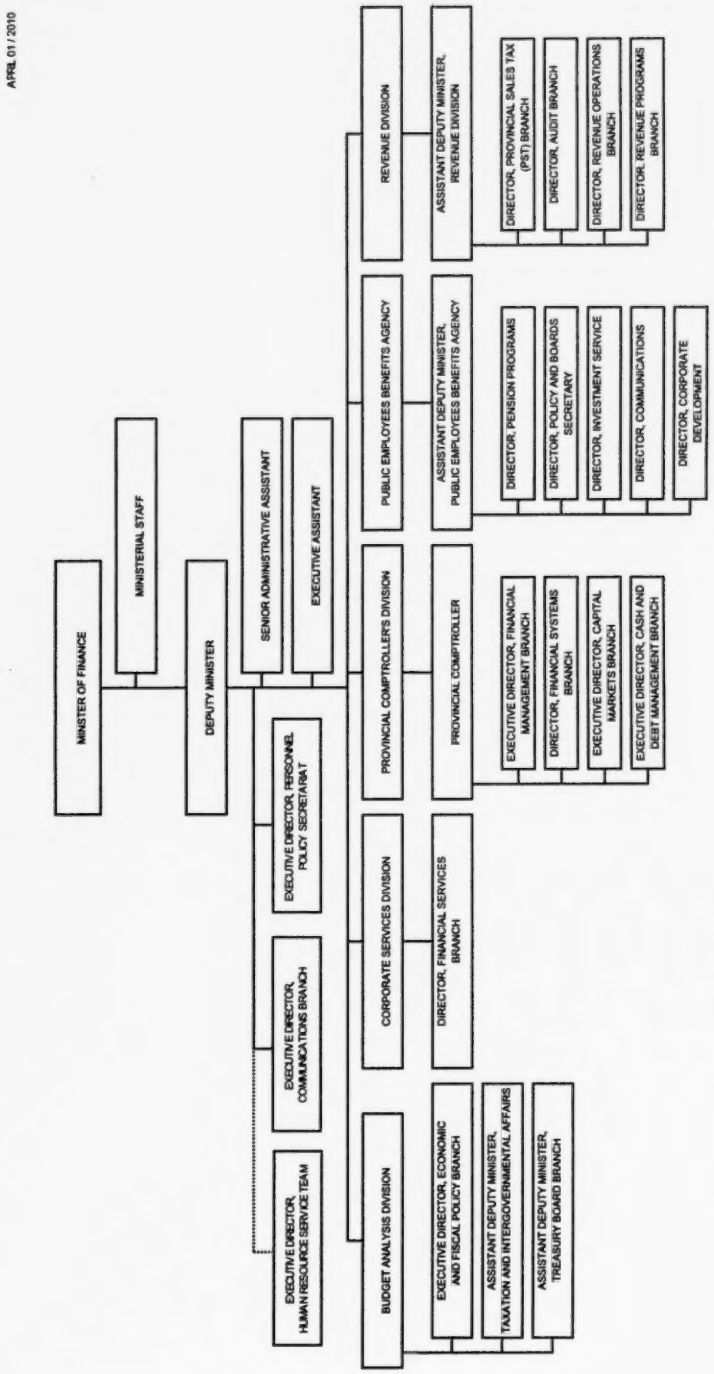
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Appendix C: Public Employees Benefits Agency

The Public Employees Benefits Agency (PEBA) administers 11 pension plans, one annuity fund, and 20 benefit plans for the Saskatchewan public sector and its retirees. PEBA operates on a revolving fund basis and allocates operating costs to the plans that incur the expenses.

Total assets of the plans administered by PEBA are approximately $6.1 billion. Combined, the pension, retirement and annuity fund have approximately 79,000 members. PEBA has three primary client groups: plan members and their unions; boards and commissions that oversee the plans; and the plan members' employers. Each group depends on PEBA to provide quality service including accurate and timely information, as well as efficient transaction processing.

The Public Employees Benefits Agency administers the following pension and benefit plans:

Pension Programs

Anti-Tuberculosis League Employees Superannuation Plan

Judges of the Provincial Court Superannuation Plan

Saskatchewan Liquor Board Superannuation Plan

The Members of the Legislative Assembly Benefits Act

Municipal Employees' Pension Plan

Public Employees Pension Plan

Additional Pension Contribution Plan

Public Service Superannuation Plan

Saskatchewan Pension Annuity Fund

Saskatchewan Transportation Company Employees Superannuation Plan

Pension Plan for the Employees of the Saskatchewan Workers' Compensation Board

Benefit Programs

Public Deferred Salary Leave Fund

Extended Health Care Plan

Extended Health Care Plan for Retired Employees

Extended Health Care Plan for Certain Other Employees

Extended Health Care Plan for Certain Other Retired Employees

Public Employees Dental Fund

Public Employees Disability Income Plan

Public Employees Group Life Insurance Fund

Public Employees Benefits Agency Revolving Fund

Scheduled Aircraft Insurance Plan

Unscheduled Aircraft Insurance Plan

The Government of Saskatchewan and Canadian Union of Public Employees Local No. 600-3 Benefits Plans Surplus Fund

The Government of Saskatchewan and Saskatchewan Government and General

Employees' Union Benefit Plans' Surplus Fund

Appendix C: Public Employees Benefits Agency (cont'd)

Additional Benefit Plans Administered for Employers

The SaskPower Supplementary Superannuation Plan

Saskatchewan Government Insurance Service Recognition Plan

SaskPower Designated Employee Benefit Plan

Saskatchewan Water Corporation Retirement Allowance Plan

Saskatchewan Watershed Authority Retirement Allowance

SaskEnergy Retiring Allowance Plan

SaskPower Severance Pay Credits Plan

SaskPower Millennium RRSP

Appendix D: Publications List

All Saskatchewan Finance publications can be accessed at:

www.finance.gov.sk.ca

Ministry of Finance Annual Report

Offers a narrative and financial overview of the operations of the Ministry of Finance and the results achieved in the previous fiscal year.

Ministry Plan

The Ministry Plan demonstrates how the Ministry aligns with government's vision and goals and presents a high level framework for the Ministry's activities. Contained in this plan are the strategies and actions that will be pursued in the upcoming year, performance measures to gauge progress and a financial summary.

Budget Documents and Backgrounders

Offer financial details of the annual Provincial Budget. Published in March of each year. Main documents include the Budget Summary Book, Estimates and Supplementary Estimates.

- **Budget Summary Book**

  Offers an overall view of the Provincial Budget. Includes financial tables, as well as program highlights for the upcoming year.

- **Estimates**

  The Estimates represent the government's financial plan for the General Revenue Fund presented to the Legislative Assembly for the fiscal year commencing April 1, and ending on March 31 of the following year. The Estimates outline the estimated expenditures, revenues, loans, advances and investments of the General Revenue Fund categorized in a manner to inform both the Members of the Legislative Assembly and the public. The Estimates are presented in accordance with *The Financial Administration Act, 1993.*

- **Supplementary Estimates**

  The Supplementary Estimates for the fiscal year ending March 31 represent funding provided by special warrants issued subsequent to the passage of the Main Appropriation Bill for the previous year. Supplementary Estimates are prepared and presented to the Legislative Assembly pursuant to section 14 of *The Financial Administration Act, 1993.*

First Quarter Report

Offers details of the government's financial picture on a General Revenue Fund basis as of the first quarter (April, May, June) of the fiscal year, compared to Budget. Published within 60 days of end of first quarter.

Mid-Year Report

Offers details of the government's financial picture on a General Revenue Fund basis as of the second quarter (April - September) of the fiscal year, compared to Budget and First Quarter. Published within 60 days of end of second quarter.

Appendix D: Publications List (cont'd)

Third Quarter Report

Offers details of the government's financial picture on a General Revenue Fund basis as of the third quarter (April - December) of the fiscal year, compared to Budget and Mid-Year. Published within 60 days of end of third quarter.

Public Accounts Documents

- **Volume 1**

  Volume 1 of the Public Accounts contains the General Revenue Fund financial statements and the Summary financial statements. It also contains information on the Growth and Financial Security Fund and the Province's debentures. Volume 1 also includes a detailed Financial Statements Discussion and Analysis section. Usually published in June/July.

- **Volume 2**

  Volume 2 of the Public Accounts provides detailed information on revenues and expenses of the General Revenue Fund, information on the trust funds administered by the government and a listing of remissions of taxes and fees. Usually published in September/October.

- **Compendium**

  The Compendium contains the financial statements of various boards, agencies, commissions, pension plans, special purpose funds and institutions, as well as those Crown corporations which are accountable to Treasury Board.

Tax Information Bulletins and Forms

The Revenue Division of the Ministry of Finance prepares a number of information bulletins and forms about the taxes and programs administered.

This information explains how the Provincial Sales Tax, Fuel Tax, Tobacco Tax, Corporation Capital Tax, Liquor Consumption Tax, and other taxes apply in specific situations.

Financial Administration Manual

The Financial Administration Manual (FAM) communicates Treasury Board's policies and the Provincial Comptroller's directives to ministries and public agencies. These financial policies and directives are made pursuant to *The Financial Administration Act, 1993*. FAM contains information to assist ministries and public agencies in controlling, managing and accounting for government financial resources.

Natural Account Manual

The Natural Account Manual provides information on the asset, liability, equity, revenue and expense accounts available for use in MIDAS (the government's central financial system).

Frequently Asked Questions About Government Payment Authorities

Offers guidance about government payment processes to those involved with initiating, approving or processing government payments. It is intended to be used by deputy ministers and other senior managers, program managers and executive directors/directors of administration and their staff.

Appendix D: Publications List (cont'd)

Australian Medium-Term Note Information Memorandum

The AMTN Programme enables the Province to issue debt instruments in the Australian capital market.

Annual Report of the Province of Saskatchewan on Form 18K

The Annual Report is a disclosure document filed with the United States Securities and Exchange Commission, which provides an overview of the economic and fiscal position of the Province.

Saskatchewan Bureau of Statistics

www.stats.gov.sk.ca

- **Saskatchewan Provincial Economic Accounts**

  Provides detailed data of the Saskatchewan economy in terms of Gross Domestic Product. Published twice annually.

- **Economic Review**

  Provides a compendium of the most asked questions relating to Saskatchewan statistics, including data on agriculture, business, employment, investment and Gross Domestic Product. Published annually.

- **Monthly Statistical Review**

  Provides up-to-date economic and social statistics relating to Saskatchewan. Produced monthly.

- **Saskatchewan Fact Sheet**

  Provides a snapshot of important Saskatchewan economic and social statistics for the previous two years. Produced annually and in both English and French.

- **Labour Force Survey**

  Tables provide labour force and employment data from the Statistics Canada Labour Force Survey. Produced monthly.

- **Consumer Price Index**

  Tables provide price data from the Statistics Canada Consumer Price Index. Produced monthly.

- **Quarterly Population Report**

  Tables provide population and demography data from the Statistics Canada Demography Division. Produced quarterly.

- **Census Report**

  Provides information from the 2006 Census of Canada.

Appendix D: Publications List (cont'd)

Public Employees Benefits Agency (PEBA)

PEBA operates as a central body within the Ministry of Finance to administer pension and benefit programs for employees of Executive Government, Crown corporations and government funded bodies.

www.peba.gov.sk.ca

PEBA Annual Reports

Annual Reports provide information about the Plan's operations, membership, and administrative expenses and include financial statements for the year. PEBA produces 23 annual reports.

Acceptable Documentation

This document outlines the documentation that PEBA will use in administering the pension and benefit programs that the Agency is responsible for.

Statement of Investment Policies (SIG&P; SIP&P)

The following policy documents outline parameters around the investment of the various plans' assets setting rate of return standards, asset mix guidelines and risk tolerance. Documents are used by various fund managers to manage the plans' assets. The boards and commissions use this to evaluate the manager's performance.

Public Employees Pension Plan

PEPP Statement of Investment Policies and Goals – April 2009

The Saskatchewan Pension Annuity Fund

SPAF Investment Policy Summary (as of June 2009)

Statement of Investment Policies and Goals (as of June 2009)

Municipal Employees' Pension Plan

Investment Policy Summary (as of June 2009)

Statement of Investment Policies and Procedures (as of June 2009)

Saskatchewan Liquor Board Superannuation Plan

Investment Policy Summary (as of June 2009)

Statement of Investment Policies and Goals as of March 2009

Public Service Superannuation Plan (PSSP)
Saskatchewan Transportation Company Superannuation Plan

Investment Policy Summary (as of June 2009)

Statement of Investment Policies and Goals as of June 2009

Appendix D: Publications List (cont'd)

Public Employees Benefits Agency Disability Income Plan

Investment Policy Summary (as of June 2009)

Statement of Investment Policies and Goals as of June 2009

Public Employees Benefits Agency Group Life Insurance Plan

Investment Policy Summary (as of June 2009)

Statement of Investment Policies and Goals as of June 2009

Member Newsletters

The newsletters provide current information to members about Plan provisions, proposed changes to legislation, regulations and administrative matters and address topics of interest to members (i.e., retirement planning, risk management, investments and the pension industry).

Public Employees Pension Plan (PEPP) – *Pension Perspectives*

(four times each fiscal year)

Municipal Employees' Pension Plan (MEPP) – *MEPP Matters*

(twice each fiscal year)

Member Booklets

Member Booklets contain detailed information concerning the various plans offered and the benefits available to the members. These are a valuable resource to all Plan members, so that they know their exact entitlements under the various plans.

Pension Plans

Public Employees Pension Plan

Municipal Employees' Pension Plan

- General Member
- Designated Police Officer and Firefighter

Public Service Superannuation Plan

Benefit Plans

- Public Employees Group Life
- Public Employees Disability Income Plan
  - Employee Booklet
  - Plan Document
- Public Employees Dental Plan
  - Maximum Reimbursement Schedules (MRS) – list the codes and the cost for each procedure that is covered in the Plan. The schedules are updated every year, usually in January.
- Public Employees Deferred Salary Leave Plan

Appendix D: Publications List (cont'd)

Extended Health Care Booklets

Extended Health Care Plan PS/GE SGEU Retiree Booklet

Extended Health Care Plan CUPE 600-3 Retiree Booklet

Extended Health Care Plan Out-of-scope Retiree Booklet

Extended Health Care Plan Booklet PS/SGEU and CUPE 600-3: Effective January 1, 2008

Extended Health Care Plan Booklet (Management) Employees: Effective January 1, 2008

Employer Bulletins (for PEPP, PSSP, and MEPP)

Bulletins notify employers about legislation, regulations, and administrative changes affecting the Plan, as well as new services being offered to the members or procedural changes.

Employer Administration Guides (PEPP)

Assists employers in performing their responsibilities necessary for the administration of the Plan.

Pension Adjustment Guides (MEPP and PSSP)

Assists users in calculating and reporting Pension Adjustments.

Employer Manual (MEPP)

Provides instructions to employers regarding administrative and reporting procedures.

Employer Defined Benefit Administration Guide

Provides instructions to employers regarding administrative and reporting procedures.

Other Information

Information Sheets

Provide detailed information on specific topics related to Plan provisions.

PEPP Talk

InfoSheets (PSSP)

MEPP In-Depth

MEPP

Actuarial Valuation of the Saskatchewan Municipal Employees' Pension Plan (as at December 31, 2007)

Actuarial Valuation Report (as at December 31, 2007) on The Annuities Underwritten by The Municipal Employees' Pension Plan

Appendix E: Legislation

Under Order-in-Council No. 404/2009 dated May 29, 2009, the Minister of Finance is responsible for the following Acts of the Legislative Assembly:

Certified General Accountants Act, 1994

Certified Management Accountants Act

Certified Management Consultants Act

Chartered Accountants Act, 1986

Corporation Capital Tax Act

Federal-Provincial Agreements Act

Financial Administration Act, 1993

Fuel Tax Act, 2000

Growth and Financial Security Act

Home Energy Loan Act

Income Tax Act

Income Tax Act, 2000

Insurance Premiums Tax Act

Liquor Consumption Tax Act

Management Accountants Act

Members of the Legislative Assembly Benefits Act

Motor Vehicle Insurance Premiums Tax Act

Municipal Employees' Pension Act

Municipal Financing Corporation Act

Provincial Auditor Act

Provincial Sales Tax Act

Public Employees Pension Plan Act

Public Service Superannuation Act

Revenue and Financial Services Act

Saskatchewan Development Fund Act

Saskatchewan Pension Annuity Fund Act

Saskatchewan Pension Plan Act

Statistics Act

Superannuation (Supplementary Provisions) Act

Tabling of Documents Act, 1991

Tobacco Tax Act, 1998

Appendix E: Legislation (cont'd)

Although not listed in the Order-in-Council, the Minister is also responsible for the *Appropriation Act.* Furthermore, the Ministry has responsibilities under the following legislation:

Fire Prevention Act, 1992
Liquor Board Superannuation Act
Provincial Court Act, 1998
Public Health Act, 1994
Saskatchewan Assistance Act

Appendix F: Glossary of Terms

Appropriation

An amount of funding that the legislature has authorized for a particular purpose.

Credit Rating

An evaluation of the ability and willingness of a borrower to service and repay debt in a timely manner. Credit ratings are a key factor in determining the cost and availability of credit to a borrower. Borrowers with lower credit ratings pay more to lenders or investors than those with a higher rating. Many investors, such as pension funds, have guidelines restricting their lending to only those borrowers with above a minimum standard (level) credit rating.

Debt Servicing Costs

Costs associated with servicing the gross debt of the General Revenue Fund. The costs include interest, foreign exchange gains and losses, discounts, fees and commissions. Costs incurred to service Crown corporation debt are reimbursed by the Crown corporations.

Estimates

Documents tabled outlining the government's detailed financial plan for the year which form the basis for the requested appropriations. Estimates are tabled every year with the Budget Address.

Expenditure

The cost of operating government identified with a particular fiscal year or time period. Expenditures include the cost of government operated programs, interest on the public debt, transfer payments and capital acquisitions.

Financial System

Any system, manual or computerized, used to report or process transactions or data related to revenues, expenditures, assets or liabilities.

Fiscal Year

The period commencing on April 1 in one calendar year and ending on March 31 in the following calendar year.

General Revenue Fund (GRF)

The fund into which all revenues are paid, unless otherwise provided for by legislation, and from which all expenditures are appropriated by the Legislative Assembly.

General Revenue Fund Financial Statements

The financial statements prepared for the moneys appropriated by the Legislative Assembly.

Gross Debt

The gross debt of the Province consists of money owed directly to lenders through the sale of short term promissory notes and medium and long-term debentures in the capital markets, as well as the amount owed to holders of Saskatchewan Savings Bonds.

Appendix F: Glossary of Terms (cont'd)

Growth and Financial Security Fund (GFSF)

The GFSF was effective May 14, 2008 with the assent of *The Growth and Financial Security Act*. The purpose of the GFSF is twofold: 1) to assist in the achievement of the Government of Saskatchewan's long-term objectives by providing for financial security of the Government of Saskatchewan from year to year; and, 2) to provide a source of funds that are to be available for appropriation to be used for programs of the Government of Saskatchewan identified as promoting or enhancing the economic development of Saskatchewan.

Transfers to the GFSF represent either 50 per cent of any pre-transfer surplus for any fiscal year (required); or, subject to the approval of Treasury Board, the amount of significant, unexpected revenue received for the fiscal year, as determined by the minister (special transfer). Transfers out of the GFSF may be made by the minister, subject to the approval of Treasury Board, with the objective of achieving the aforementioned twofold purpose.

Guaranteed Debt

The debt of Crown corporations and others that the Province has promised to repay if the debt issuer is unable to do so.

Ministry

An organizational unit of Executive Government created for the purpose of managing related programs.

Performance Measurement

Performance measurement is a process of defining performance measures or indicators to assess progress towards achieving the outcomes articulated in a strategic plan. Measurement results are analyzed, reported and the knowledge gained is used by the organization to modify and improve future activities.

Public Accounts

The Public Accounts of the Government of Saskatchewan are organized into two reports. Volume 1 contains the General Revenue Fund financial statements and the Summary financial statements. These are the main financial statements of the Government of Saskatchewan. Volume 2 contains details on revenue and expenditure of the General Revenue Fund, financial information on the superannuation and trust funds administered by the government, and a listing of remissions of taxes and fees.

Public Performance Results Reporting

The mechanism that government uses to communicate with the public on the achievements of ministries for a specific time period, compared to the intended results laid out in plans that are typically released with the budget. Ministries are required to prepare plans and report on their financial and non-financial performance within their annual report.

Revenue

The gross proceeds applicable to a fiscal year received from taxes, licences, transfer payments and sources other than borrowing.

Appendix F: Glossary of Terms (cont'd)

Revolving Funds

Funds established by statute which are used to isolate certain items of related revenue and expenditure. Revolving funds are net budgeted in the Estimates, and are used for specific government operations that recover all or a portion of the associated costs from the funds' users.

Sinking Funds

Funds set aside to provide for the orderly retirement of a portion of the Province's debt.

Strategic Planning

Strategic planning is a practical, action-oriented process that sets goals and allocates resources to achieve meaningful results over time. Plans describe the outcomes that the organization intends to achieve over the planning period and the key actions that will be taken in the short term to move the organization toward its desired outcomes.

Summary Financial Statements

The financial statements that report on the consolidated financial resources and activities of all government organizations, including government boards, agencies, commissions, funds and Crown corporations.

Total Debt

The total debt of the General Revenue Fund consists of:

- gross debt – the amount of money owed to lenders; plus
- guaranteed debt – the debt of Crown corporations and others that the Province has promised to repay if they are unable to do so; less
- sinking funds – the amount of money which has been set aside for the repayment of debt.

Transfers

Transfers of money from the Government of Saskatchewan to an individual, organization, authority or other government for which no goods or services are directly received by government and no repayment is expected in the future. Terms such as "grants" and "entitlements" are often used for transfers.

Transfers to Individuals

Direct or indirect transfers of money for which no public service is required of the recipient. These transfers provide the recipient with a financial benefit and are usually in the nature of income support, subsidy or compensation payment. These transfers may include public goods and services that are income tested.

Transfers for Public Service

Transfers to individuals, organizations, Crown corporations and local authorities (for example: school boards, district health boards and municipalities) to fund public services such as health care and education. Transfers to government organizations and corporations, which in turn provide a direct transfer or subsidy to their clients, are treated as a transfer to an individual.

Contact Information

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